

# TASPORTS

## ANNUAL REPORT

2018-19







Cover photo: Port of Burnie

Port of Hobart





# CONTENTS

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04	FROM THE CHAIRMAN	18	PORTS AND INFRASTRUCTURE
06	FROM THE CEO	20	MARINE SERVICES
09	ABOUT US	22	LOGISTICS
10	WHERE WE OPERATE	26	BASS ISLAND LINE
11	TASPORTS' FACTS	27	SOUTHERN EXPORT TERMINALS
12	TASPORTS' PEOPLE	28	GOVERNANCE AND
13	TASPORTS' KEY ACHIEVEMENTS		KEY RESULTS
15	PORT MASTER PLAN	47	FINANCIAL STATEMENTS
17	TASPORTS' HEAD OFFICE		



# FROM THE CHAIRMAN

STEPHEN BRADFORD

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For the fourth year in succession, TasPorts has delivered an increasing profit.

TasPorts consolidated net profit of \$12.0 million compared to \$5.8 million in the previous financial year. The consolidated net profit comprises a trading profit of \$14.2 million for TasPorts (2018: \$9.0 million), a net loss of \$2.1 million for Bass Island Line (BIL) (2018: \$3.0 million loss) and a net loss of \$103,000 for Southern Export Terminals (2018: \$235,000 loss).

Importantly, this result allows TasPorts to continue its significant infrastructure remediation and renewal program while at the same time providing appropriate returns to our shareholder, the Tasmanian Government.

The Board remains optimistic that this performance will be maintained into the future.

TasPorts continued progressing the rollout of its Port Master Plan, approved towards the end of last financial year, to guide infrastructure development for the next 15 years.

The Board notes that TasPorts is responsible for the movement of 99% of Tasmania's freight, so it is critical that the company invests in our infrastructure assets.

The following work was completed under the plan during the reporting period:

- Burnie – dredging was completed to accommodate larger Bass Strait container and cargo vessels (the works saw the removal of 8,500 cubic metres of silt, clay, sandstone and 60 timber pile stumps from a previously demolished wharf) and work continued on assessing port configuration to improve logistics and supply chain through the port.
- Devonport – the company is well-advanced in its planning for TT-Line and SeaRoad's new vessels that will extend berthing facilities for cargo, passengers and freight.
- Hobart – the company engaged with the Macquarie Point Development Corporation, the Australian Antarctic Division, CSIRO and the City of Hobart on the development of a new Antarctic logistics facility at Macquarie Wharf No 6.

The Board has agreed to a separate Draft Master Plan for Devonport Airport that will assist TasPorts in its future planning and provide a logical and staged approach to development opportunities.



## TASPORTS ANNUAL REPORT 2018-19

Specifically, the plan provides a framework and guide to land use planning, future development opportunities and improving economic returns while at the same time enhancing aviation-related and regional economic activity.

It also positions the airport as the airport of choice for travellers, airlines, businesses and tourists for the Cradle Coast and north west region.

Concerningly, during the year Bass Island Line (BIL) experienced a fraud event where two payments intended for a key supplier to BIL totalling \$352,516 were diverted to bank accounts not related to that supplier. A third party, through identity theft, requested BIL to change bank account details of the supplier in the BIL accounting system. The financial institutions obtained partial recoveries of \$99,475. The matter was reported to Tasmania Police and internal processes have been significantly improved.

After acting as CEO immediately after the departure of former CEO Paul Weedon, the Board appointed Anthony Donald to the position. Mr Donald, selected from a strong field of candidates, is highly experienced in the maritime sector, as well as transport and logistics.

The appointment of an appropriately qualified CEO to take the organisation forward was a critical decision for the Board.

The Board is confident that Mr Donald's management style and skills, on top of his relevant industry experience, are important attributes that will assist him in the role.

On behalf of the Board I would like to thank and congratulate Mr Donald on the work he has done and on his appointment. I would also like to note the contribution of the senior management team and every one of our employees for their hard work to deliver the outstanding result referenced earlier.

It has been a busy period for Directors. I would like to thank them for their work and counsel during the year.

And in closing, I would like to thank former Minister for Infrastructure Mr Jeremy Rockliff for his strong support of the company during his tenure. The Board and TasPorts look forward to working with the incoming Minister, Mr Michael Ferguson, to assist the state and its many varied businesses to meet their potential. It is also important to reference the support of our other shareholder Minister, Treasurer Mr Peter Gutwein, during the reporting period.



**Stephen Bradford**  
Chairman



Port of Bell Bay





# FROM THE CEO

ANTHONY DONALD

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Writing my first Annual Report message following my appointment as the Chief Executive Officer allows me to place on the record how humbled, honoured and proud I am to be given the opportunity to lead the TasPorts team.

Being an island maritime state, TasPorts is responsible for 99% of Tasmania's freight task. This fact reinforces the importance of our Port Master Plan, which was launched in August 2018 – a planned investment of more than \$200 million in infrastructure over the next 15 years, ensuring Tasmania's major ports are equipped to meet future demand.

TasPorts' commitment in this space is significant and ambitious. Importantly, we are well placed to deliver, following a fourth successive year of profitability.

With the overarching objective of TasPorts' fully owned subsidiary Bass Island Line (BIL) becoming a sustainable business in its own right, a market sounding exercise was undertaken in late 2018 to identify a viable solution that would independently improve this important link between mainland Tasmania, King Island and Victoria.

The process was unable to identify such a solution and what has emerged is confirmation that TasPorts is best-placed to deliver this critical service and we are committed to BIL being a part of our portfolio for the long-term. TasPorts understands the importance of providing a safe and reliable shipping service that is also a vital link for King Island farmers and the wider community.

Looking forward, BIL will work to secure a long-term commitment with a Victorian port, continue to work with customers to grow freight volumes and examine the commercial viability of developing a pathway to the next iteration of vessel.

TasPorts is a strong and active supporter of cruise ship visits to Tasmania. The sector has experienced strong growth with the number of visitations increasing by 68% over the past five years.

In 2018-19, TasPorts recorded 106 cruise ship calls across the state. These vessels carried more than 194,000 passengers and nearly 84,500 crew members. Next financial year, cruise ship calls are expected to increase to 130, with 146 currently booked for 2020-21.

TasPorts continues to play an active role in the management of the sector and worked closely with a range of stakeholders to ensure ongoing economic benefit to the state. We work closely with cruise lines, government and local stakeholders to sustainably grow cruise visitation and to attract cruise vessels that are appropriate for the state's ports and regional locations. The numbers quoted above demonstrate that this work has been successful.

TasPorts delivers pilotage services on a 24/7 basis at all primary ports around the state. The company employs 11 pilots to provide this service, ensuring safe shipping navigation around Tasmania.



## TASPORTS ANNUAL REPORT 2018-19

At the time of writing, recruitment was underway for two new marine pilots to ensure the company can meet its obligations under the deed of agreement with Marine and Safety Tasmania (MAST) and the shipping requirements of our customers.

TasPorts will be adding one additional pilot to the roster in the south and one in the north. In addition to meeting our MAST deed obligations and managing shipping movements in the state's ports, the additional pilot resources will enable more effective leave and fatigue management for the pilot team.

I am pleased to note that TasPorts is focused on working diligently with its stakeholders and customers to facilitate imports (general cargo, minerals, fuel, tourist vehicles and trade vehicles) and exports (woodchips, cement and timber, general cargo, minerals, food and dairy products).

Our team has also now broadened its focus to outside the port gate and is continuing to grow our relationships and service levels with customers and stakeholders.

In September 2018, TasPorts undertook a culture survey – the results of which have been communicated to all staff across the state.

We appreciate that we need to dedicate time and resources to improving our culture and are undertaking a three-year strategy to achieve this.

Pleasingly, employees are advising that they have seen a positive shift in behaviour. This has not occurred by accident. TasPorts has been working hard on a new approach, particularly as it relates to recognising good work.

The new TasPorts purpose-built head office in Launceston's historic Willis Street was officially opened in February 2019 and is helping to breathe new life into that part of the city.

The new head office is designed to house TasPorts' most critical 24/7 operation centres - the Vessel Traffic Service Operations Centre (VTS) and the TasPorts Security Operations Centre (TSOC).

The co-location of all these services alongside TasPorts' corporate services in a single multipurpose facility will allow for greater efficiencies. It will also see a range of information technology improvements made to support the new VTS and TSOC operation centres, ensuring TasPorts continues to provide efficient and effective operations across our ports.

In closing, I would like to thank the Board for its support, our senior management team, our customers and stakeholders. TasPorts is a diverse business that requires a wide cross-section of skills to achieve success. We have those skills across the entire TasPorts workforce. I would also like to note and thank all of our staff for their ongoing support and hard work during the year.

**Anthony Donald**  
**Chief Executive Officer**



Port of Devonport





Jade, TasPorts Marine Operative Hobart

# ABOUT US

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## WHO WE ARE

Tasmanian Ports Corporation Pty Ltd (TasPorts) is a state-owned company responsible for eleven Tasmanian ports and the Devonport Airport. We run a diverse range of operations across the state with the purpose of facilitating trade for the benefit of Tasmania, through the commercial provision of infrastructure and services.

## WHAT WE DO

TasPorts is responsible for the management and maintenance of essential port infrastructure in Tasmania. This includes forestry terminal operations in Bell Bay, Burnie and Hobart, as well as all associated infrastructure at Devonport Airport.

TasPorts manages the maintenance of port berths, channels, wharves, landside assets, marine fleet and key navigational aids. Furthermore, the company ensures the safe control and security of all major ports, delivering critical pilotage services, as well as provision of towage, slipway and refuelling facilities, supply of floating plant and equipment for marine engineering projects, and construction and coastal haulage.

In addition, the company maintains community-use waterfront assets at Inspection Head, King Island, Stanley, Strahan and Sullivans Cove.

## OUR VISION

During 2018-19, TasPorts reviewed and updated its vision to reflect the growing reach of the company's operations. TasPorts plays a critical role in connecting Tasmanians and visitors. It connects Tasmanian imports and exports with the world, enabling customers and communities to deliver integrated solutions in Tasmania's freight, logistics and tourism sectors. TasPorts is proud to provide the opportunity to improve the economic, social and environmental prospects for all Tasmanians. As such, the new TasPorts' vision is:

*TasPorts. Proudly connects people, products and solutions, for the benefit of all Tasmanians.*

## OUR CORPORATE INTENTIONS

TasPorts also revised its Statement of Corporate Intentions this financial year. This change reflects the evolving role TasPorts plays in the Tasmanian logistics and supply chain environment. TasPorts' new corporate intentions are:

- We facilitate freight and logistics solutions, to benefit the community and create value for customers;
- We enable industry partners and communities through reliable infrastructure, responsive to user demand;
- We uphold maritime, aviation and environmental standards, through established safety and sustainability practices;
- We are geared towards growth, with forward thinking and a commercial approach;
- We will bring our organisation together, by investing in our people and the future we share.

## OUR VALUES

With the revision of the TasPorts vision and corporate intentions undertaken in 2018-19, the supporting values will undergo a similar rejuvenation in the next financial year. The new values will be developed in collaboration with employees to ensure they are representative of the whole company.

The current TasPorts values will continue to be used until this body of work is completed. These existing values will continue to enable TasPorts to deliver on its vision and achieve its corporate intentions. Our current values are:

- Protect the health and safety of employees and others affected by operations;
- Provide customers with a responsive and quality service;
- Be trustworthy and honest;
- Act fairly in all dealings;
- Have courage to do the right thing;
- Respect for individuals.



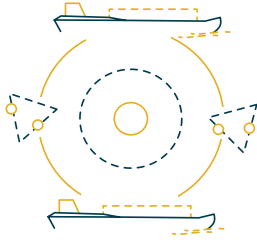
# WHERE WE OPERATE

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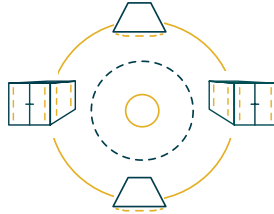


# TASPORTS' FACTS

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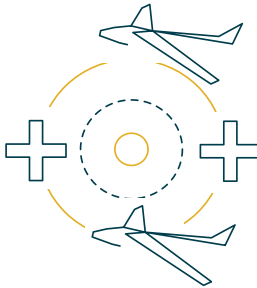
**4,700+ TOTAL VESSEL** movements annually



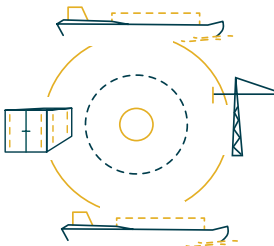
**OVER 15.5 MILLION TONNES** move through TasPorts



**2,688 QANTASLINK FLIGHTS** at Devonport Airport



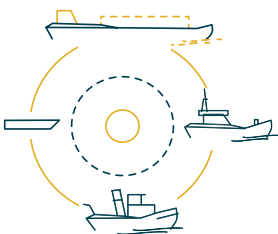
**90 AIR AMBULANCE FLIGHTS** at Devonport Airport



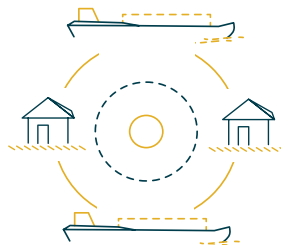
**110+ MARINE ASSETS** maintained by TasPorts



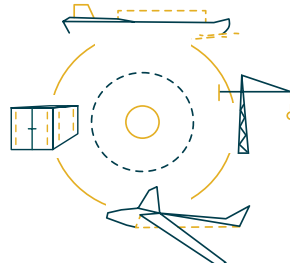
**OVER 3.1 MILLION SQUARE METRES** of land, buildings and other built infrastructure assets owned by TasPorts



**35 VESSELS** in the TasPorts Fleet



**330+ PROPERTIES & RECREATIONAL BERTHING PLACES** managed by TasPorts



**12 TASMANIAN PORTS** (11 seaports & 1 airport)




# TASPORTS' PEOPLE



	MARINE	87
	OPERATIONS	86
	PROFESSIONAL	45
	SUPPORT	59



	FULL TIME	215
	PART TIME	23
	CASUAL	39



John, TasPorts Fitter/Welder Bell Bay

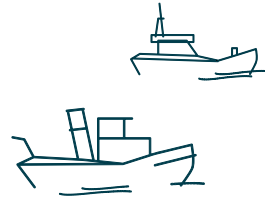
# TASPORTS' KEY ACHIEVEMENTS



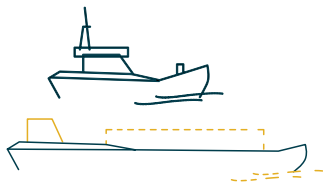
**TOTAL FREIGHT  
VOLUMES** grew by  
**2.2%**



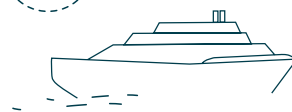
**TASPORTS NET  
PROFIT** of  
**\$12.0M**



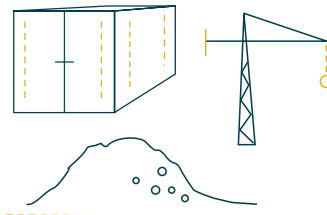
**1,758** jobs  
completed by our  
**TOWAGE TEAM**



**1,712**  
piloted **SHIP  
MOVEMENTS**



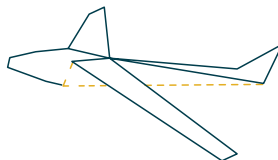
**106** **CRUISE  
SHIP VISITS** to  
Tasmania with over  
**275,000**  
passengers and crew



Top 3 commodities  
in tonnes:

**WOODCHIPS**  
**3,324,042**  
**GENERAL CARGO**  
**1,751,347**  
**CEMENT**  
**1,262,570**

**FIRST PORT  
MASTER PLAN**  
project completed  
at Burnie



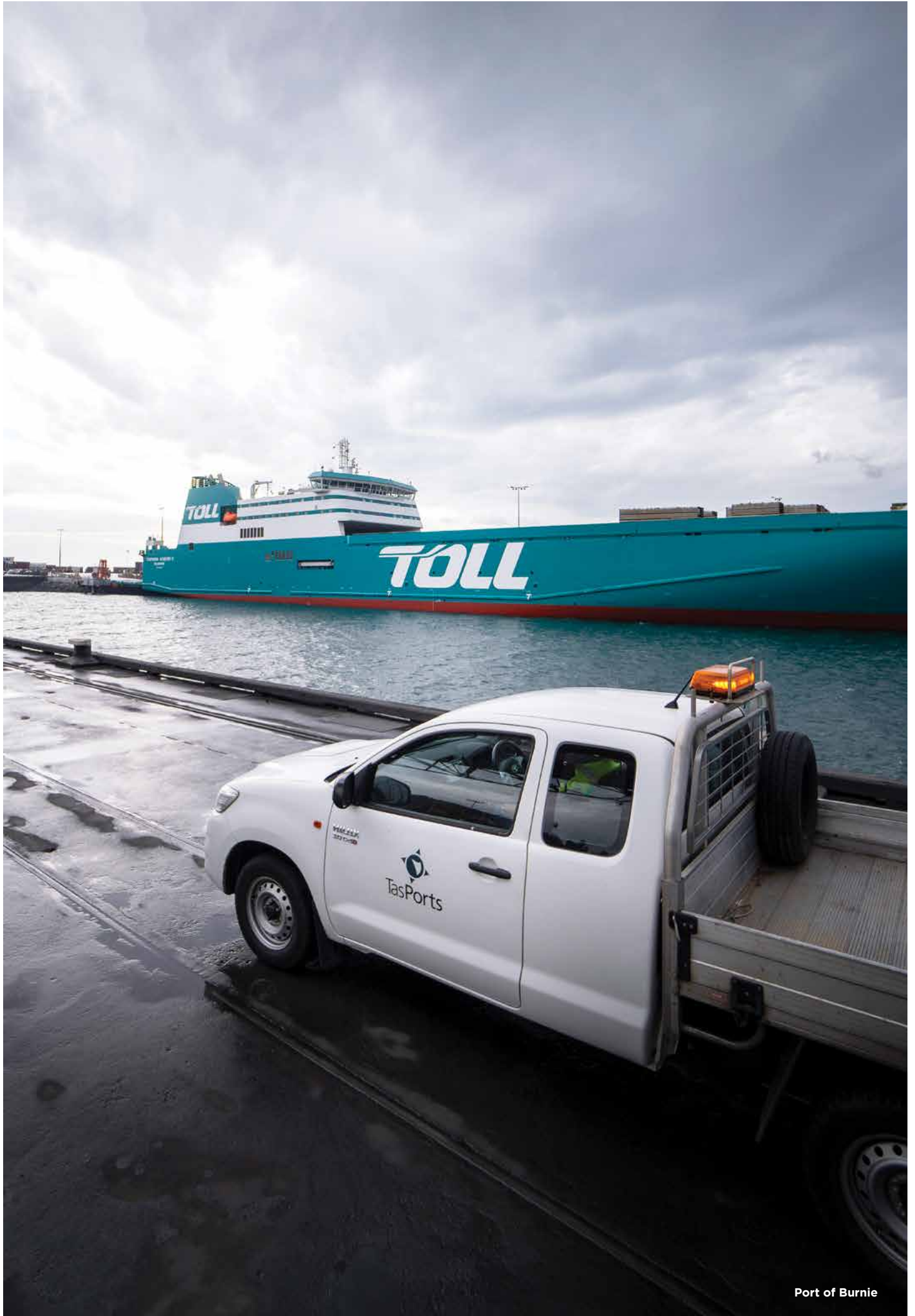
Over **146,000**  
**PASSENGERS MOVED**  
through Devonport  
Airport

**107%**  
**INCREASE ON**  
**2017-18**  
net profit  
of \$5.8M



**46** **PUBLIC EVENTS**  
held on TasPorts land





Port of Burnie

# PORT MASTER PLAN

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In August 2018, TasPorts officially unveiled its Port Master Plan, which will guide a minimum \$200 million in port infrastructure improvements over the next 15 years. The plan will ensure port facilities meet future demand as the Tasmanian economy grows.

The Port Master Plan delivers a coordinated state-wide vision for the future of Tasmania's ports with greater capacity and capability at Bell Bay, Burnie, Devonport and Hobart.

## BURNIE

Investment at the Port of Burnie will deliver a significant increase in capacity at Tasmania's primary container port. As part of works at Burnie, TasPorts is working to mitigate future berth congestion as a result of increased business demand from forestry, mining and cruise.

During this financial year, TasPorts worked collaboratively with Toll to complete significant dredging works at Burnie Berth 4, support ramp upgrades, and landside construction to support the arrival of Toll's two new state-of-the-art ships on 1 March 2019. The ships carry 40% more cargo than Toll's existing ships, providing a boost to the service, which links Tasmania with mainland Australia and to vital export markets.

## DEVONPORT

TasPorts will extend berthing facilities for passengers and container freight at the Port of Devonport to enhance trade through the port. During 2018-19, TasPorts worked closely with TT-Line and SeaRoad to support the infrastructure needs both companies will require for the arrival of their larger vessels from 2021 onwards.

## BELL BAY

TasPorts will maintain multi-user berths at Bell Bay. Furthermore, it will invest to support growth in forestry and new commodities in the optimisation of port and landside facilities for industry and the wider Tasmanian economy.

## HOBART

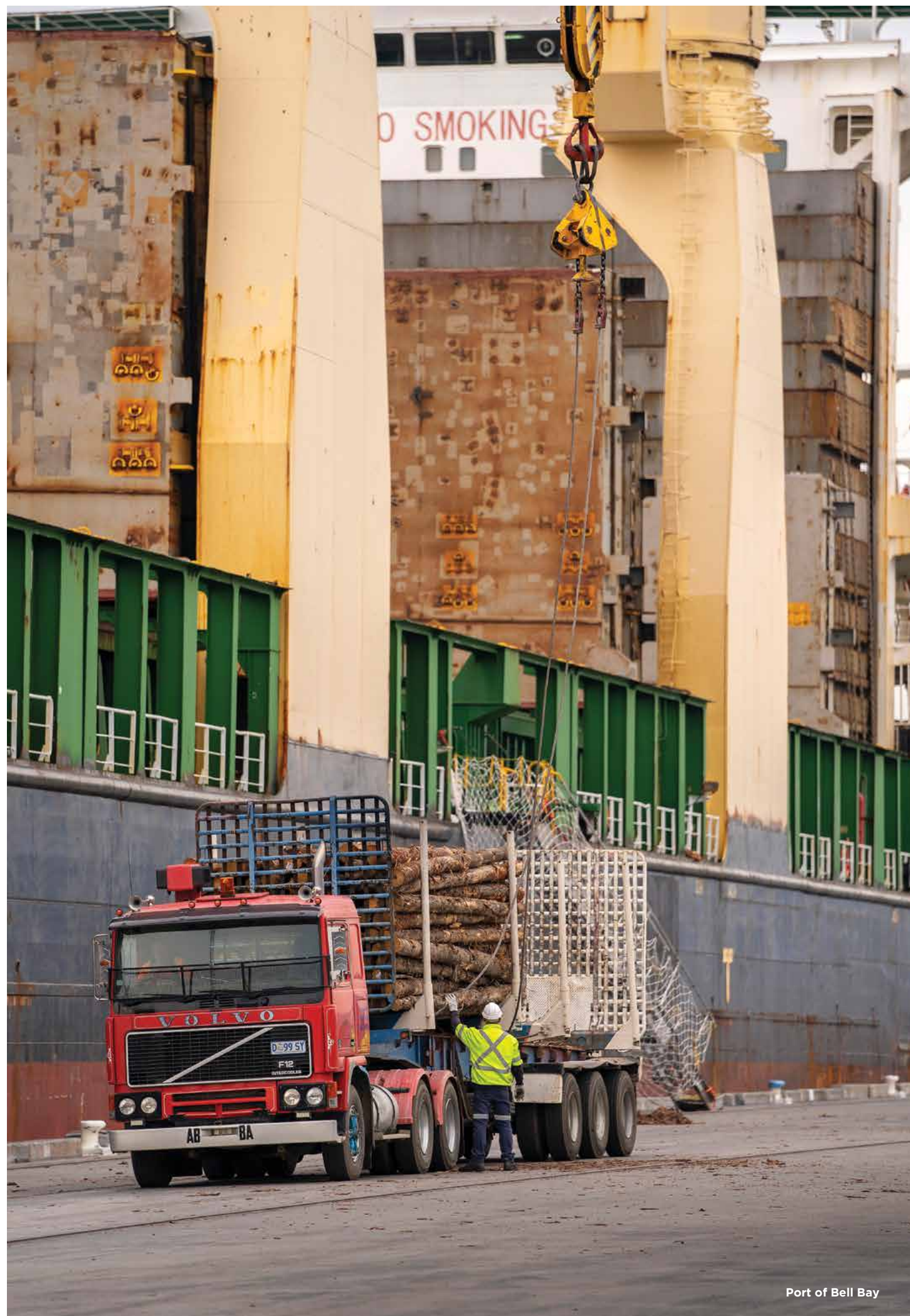
The Port Master Plan will see investments in Hobart that will grow the tourism, trade and Antarctic sectors.

A new Antarctic logistics facility is planned at Macquarie 6 Berth to assist the Tasmanian Antarctic Gateway Strategy and attract further international programs.

Through the financial year, TasPorts worked closely with the Australian Antarctic Division to support the infrastructure needs required for the arrival of their new Antarctic icebreaker, *RSV Nuyina*, in mid-2020. *RSV Nuyina* will be 160-metres-long, which is a significant increase on the 95-metre-long *Aurora Australis* that currently berths in Hobart.

Investment at the Port of Hobart will also see upgrades to the cruise terminal and berthing infrastructure as a response to continued sector growth. This will ensure capacity for larger cruise vessels is maintained and a proactive approach is taken to increase passenger dispersal to regional areas, in turn preventing destination overcrowding.





Port of Bell Bay

# TASPORTS' HEAD OFFICE

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In January 2019, TasPorts relocated its head office to Launceston. With TasPorts unveiling its Port Master Plan at the beginning of the financial year, Launceston was chosen as the best location for the head office. It is the corridor between the four major ports of Bell Bay, Burnie, Devonport and Hobart, where the main port infrastructure improvements will be undertaken.

The new head office sees the co-location of TasPorts' most critical 24/7 operations centres: the Vessel Traffic Service Operations Centre and the TasPorts Security Operations Centre (TSOC), alongside the Launceston corporate office.

The move of TSOC from Hobart to Launceston in April 2019 was supported by significant investment of around \$1.1 million in a range of information technology improvements and field equipment upgrades.

The Vessel Traffic Service Operations Centre is expected to move from Bell Bay to Launceston during 2019-20, and will be supported by similar upgrades in technology.

The Deputy Premier and then Minister for Infrastructure, the Honourable Jeremy Rockliff, officially opened the head office on 28 February 2019.

On 21 March 2019, the TasPorts Board approved the decision to make the TasPorts Registered Office the new Launceston office.

The move to a single multipurpose head office has enhanced the service offered by TasPorts to its customers and the community, while streamlining business expenditure and IT requirements.



L to R: Anthony Donald,  
TasPorts CEO;  
Deputy Premier,  
Honourable Jeremy Rockliff;  
Stephen Bradford,  
TasPorts Chairman



# PORTS AND INFRASTRUCTURE

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## BURNIE INTERNATIONAL CONTAINER TERMINAL

TasPorts continued to progress plans for a new international container terminal at the Port of Burnie, following the expiry of the exclusivity agreement with DP World Australia in October 2018.

Across the year significant due diligence was undertaken on costs, benefits, infrastructure requirements and market potential. TasPorts also actively explored options to attract a major shipping line.

The development would see the Port of Burnie handling larger container ships and would attract international container services, offering a direct international shipping service. Furthermore, it would create jobs in the north west and inject more than \$10 million into the local economy each year.

## CRUISE

Over the last five years Tasmania has seen a 68% increase in the number of cruise ship visits to the state from 63 cruise ship calls in 2013-14, to 106 cruise ship calls in 2018-19.

During the 2018-19 season, 106 cruise ships, carrying 194,626 passengers and 84,350 crew, called at ports around Tasmania.

TasPorts has taken steps in recent years to facilitate cruise ship calls to regional ports. During this financial year, TasPorts in conjunction with West Tamar Council, welcomed a second vessel to Beauty Point for 2018. The *Seabourn Sojourn* anchored in the Tamar River in December, bringing 406 passengers and 372 crew to the Tamar Region. Visits to this area have been achieved through TasPorts' investment of \$4 million since 2014 in infrastructure upgrades at Inspection Head Wharf. There are currently two cruise ships booked to call at Inspection Head in 2019-20.



Port of Hobart

### DEVONPORT AIRPORT

Passenger numbers at Devonport Airport remained constant with 146,608 passengers carried in and out of the airport by 2,688 QantasLink flights.

The Devonport Airport Draft Master Plan was finalised in mid-2019, which will guide strategic developments over the next 15 years, ensuring further growth and renewal for Devonport Airport.

In late 2018, Devonport Airport attracted a new air freight service operator, TasFast, who relocated their main air freight operations to Devonport. TasFast operate regular weekly freight operations to mainland Australia from Devonport Airport.

### EVENTS AND SPONSORSHIP

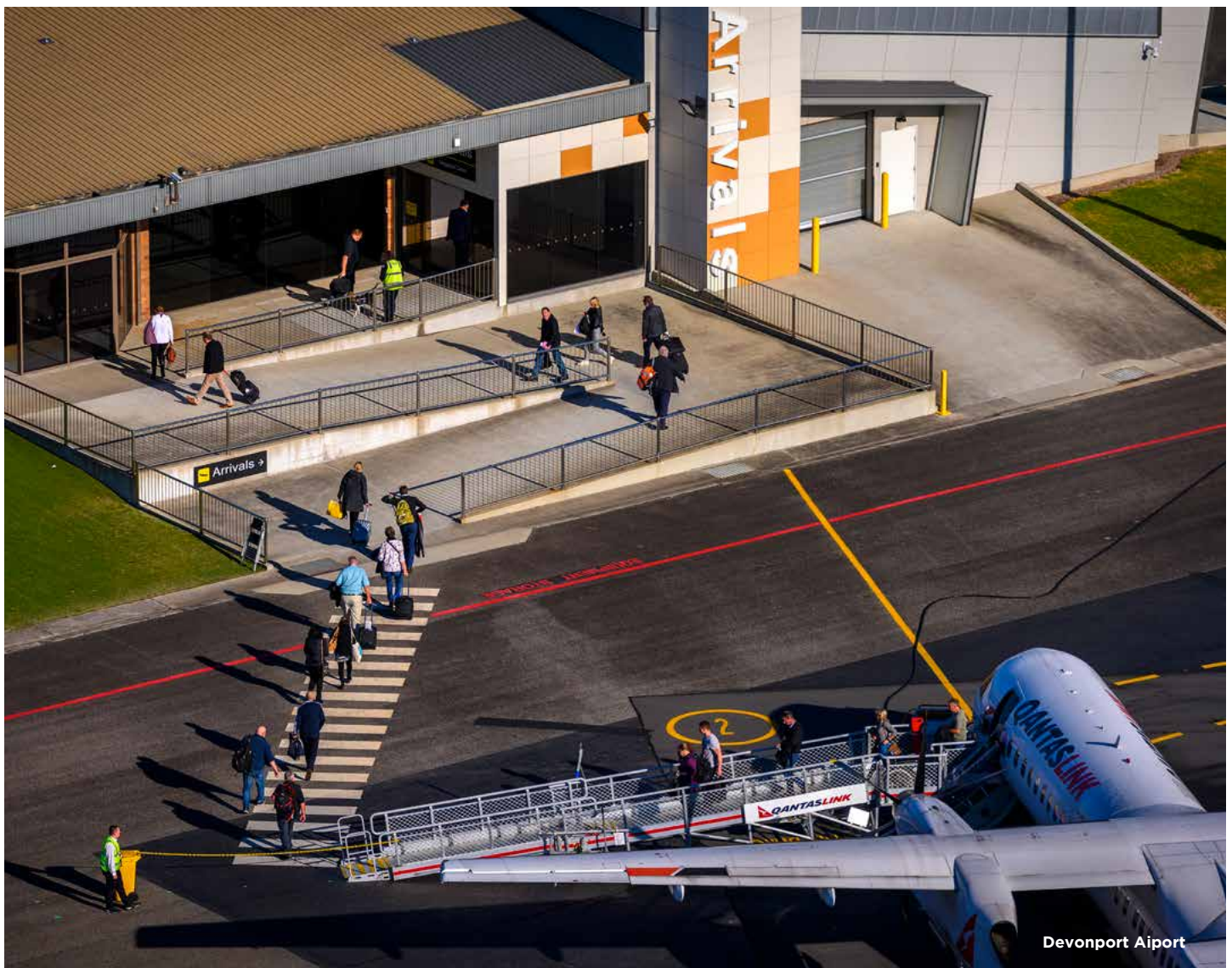
TasPorts continued to support a wide range of events and sponsorships across the community. The company provided in-kind support of \$417,000 to 30 events, including the Australian Wooden Boat Festival, Dark MOFO, the Sydney to Hobart Yacht Race and the Taste of Tasmania. We also provided \$148,000 in sponsorship to local organisations, including Devonport Surf Life Saving Club, Burnie 10 Fun Run and Lions Club of Smithton.

### 10 YEAR ROLLING INFRASTRUCTURE PLAN

TasPorts continued to implement a rolling 10 Year Infrastructure Plan, which provides a framework for planning, prioritising and delivering infrastructure investment and maintenance at each port. The plan is reviewed regularly with the latest review occurring this financial year.

Work in the last twelve months included:

- demolition of the decommissioned wharf and Port Operations Building at Devonport West's Berth 3;
- maintenance sweeping of the sea-bed at the Ports of Burnie and Devonport;
- structural repairs at the Port of Bell Bay to the woodchip loader, as well as the access bridge at Berth 6; and
- maintenance of the bridges and replacement of the high-voltage ring main cable at Sullivans Cove, as well as redevelopment of the Victoria Dock low landing at the Port of Hobart.





# MARINE SERVICES

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## FLEET RENEWAL PROGRAM

TasPorts' 10 Year Fleet Renewal Program will improve the safety of employees and port assets. The program is creating an efficient and reliable fleet, including tugs, pilot vessels and work boats. Since the commencement of the program in 2014, the towage fleet has acquired five new tugs, while the pilotage fleet received significant upgrades with the construction of three custom-built pilot launches.

The new state-of-the-art pilot vessel, *Kelly*, which was added to the TasPorts fleet last financial year was awarded the 'Best Pilot Boat for 2018' by Work Boat World. The vessel includes state-of-the-art safety technology, including infra-red cameras and self-righting capabilities.

As the Fleet Renewal Program progresses, TasPorts is now looking to divest some of the surplus older tugs, including the *Storm Cove* and *Sirius Cove*.

The maintenance and renewal of the TasPorts fleet will be an ongoing priority for the company after the completion of the 10 year program. This ongoing commitment will ensure a fit-for-purpose fleet well into the future, enabling TasPorts to deliver a reliable service and to ensure the safety of all marine employees.

## PILOTAGE

TasPorts marine pilots worked strategically to meet demands over the financial year, delivering high-quality pilotage services on a 24/7 basis at all major ports around Tasmania. There were 1,712 piloted ship movements during the year.

Following minor delays to shipping due to pilot availability, TasPorts proactively conducted a review of its pilotage service, to ensure a reliable and compliant provision into the future. As part of this review, TasPorts took steps at the end of 2018-19 to ensure adequate resources are available to meet statewide demand for the longer term.



Port of Bell Bay



### TOWAGE

TasPorts towage crews also delivered a reliable 24/7 service, completing 1,758 jobs.

As part of continuous safety improvements to berthing infrastructure for TasPorts' towage teams, new safety ladders and upgraded power systems were installed at Macquarie 6 Berth in Hobart during the financial year. This provided the tugs with an alternate berth to relocate to during the busy summer season when major community events, like the Sydney to Hobart, utilise the berth at Macquarie 1. In addition, the Macquarie 1 tug berth was improved with the installation of access ladders and a reliable power supply.

Further safety improvements were made to berthing infrastructure at the Port of Burnie. The upgrades included the installation of a weighted mooring system, redesigned floating fenders and new safety ladders to improve access at Burnie's tug berth. The *Korimul* towage crew designed and fitted the mooring system with gallows that bring the tugs closer to the berth, mitigating the need for crews to step on and off the vessel to handle berthing lines.

The TasPorts towage team also undertook work to update and implement a new Safety Management System (SMS) to ensure the safety of employees, customers and vessels inside the company's ports. As part of these works, a review was undertaken of all policies, practices and procedures by all nine tug crews across the state. The annual assessment ensures the system evolves to meet TasPorts' dynamic business operations. SMS was also developed for the TasPorts fleet of flat top barges, ensuring that they comply with Australian Maritime Safety Authority (AMSA) Regulations.

### MARINE TEAM SUPPORT ACTIVITIES

In November 2018, the oil drill rig *Ocean Monarch* arrived for maintenance works in Ralphs Bay, which were conducted by local business, Taylor Brothers. During her two and a half months berthed in Tasmania, TasPorts supplied its *Ossa* barge to accompany the rig as a working platform.

Furthermore, the *Kulanda* barge also provided essential services, making one trip a week running supplies, removing rubbish and delivering essential plant equipment for the planned works.

Also during November, TasPorts provided support to the Port of Portland by allowing them the use of *Risdon Cove* for a month while their tug, *Cape Grant*, had remediation works completed. The Bell Bay towage crew delivered the *Risdon Cove* to Portland at the end of November.

In March 2019, Hobart's duty towage crews and tugs *Mount Florance* and *Yandeyarra* commenced an ongoing project for Huon Aquaculture. The tugs were hired to assist in setting up new anchor arrays to be used for securing fish pens and feed barges in Huon Aquaculture's open water farms just east of North Bruny Island. The complex project requires coordination with Huon Aquaculture and is performed in favourable weather conditions, and on days where there is no shipping to ensure a sufficient rest period for TasPorts' crews. At the end of the financial year, three anchor grids had been installed, with more to follow in 2019-20.

### MAST DEED

The MAST Deed gives TasPorts delegated responsibility to ensure pilotage and navigation services at the Ports of Bell Bay, Burnie, Devonport, Hobart and Port Latta. Furthermore, the Crown through the Environment Protection Agency (EPA) has delegated TasPorts to perform functions relating to oil and chemical spills in the respective areas of operation.

At the beginning of 2019, the five-year Deed of agreement between MAST, TasPorts and the Crown expired. An eighteen month extension was granted in December 2018 with no changes to the Deed.

State Growth began to facilitate a review process in 2019 of the MAST Deed with all stakeholders. An updated five-year Deed is expected to be finalised next financial year.



Port of Hobart

# LOGISTICS

## BELL BAY FORESTRY

TasPorts' forestry business grew again this year at the Port of Bell Bay. This was supported by the introduction of Pacific Forest Products' (PFP) off port operations. PFP provided strong containerised export softwood log base load volumes for the international service line, Mediterranean Shipping Company (MSC).

Woodchip volumes also remained strong with an increase of 12.9% from the previous financial year. Growth in hardwood chip exports at Bell Bay was a direct result of bulk export log operations ceasing in 2017-18.

The introduction of Methyl Bromide recapture at Bell Bay in November 2018 was utilised for small container lots only.

Further growth is expected in the next financial year for the forestry business, with Patriarch & Sons Pty Ltd successfully receiving approval of their development application for a rotary veneer plant at Bell Bay. It is anticipated that operations will commence in 2019-20, with veneer leaf to be exported in containers.

## BURNIE FORESTRY

At Burnie, the bulk export log trade sustained its volumes from 2017-18 with around 566,000 tonnes being exported during this financial year. Hardwood logs continued to dominate export volumes, with numbers for softwood export logs reducing from the previous financial year.

At the end of 2018, TasPorts and Pacific Forest Products worked together to integrate the use of large MAFI trailers within the port to replace the standard log trucks. The objective was to improve log handling logistics during ship loading operations. This innovation resulted in improved efficiency of export logs transportation from the TasPorts' log storage yard to the ship side, increasing ship lifts and reducing loading times.

## BURNIE WOODCHIP EXPORT TERMINAL

The management of the Burnie Woodchip Export Terminal (BCET) as a multi-user facility remained key to improving export access and confidence in the forestry industry.

Volumes at BCET remained steady during the financial year, with 1,450,000 tonnes of product exported.

TasPorts made significant investments into maintenance and new equipment at the terminal to support increased trade. This included major upgrade works on the C3 ship loading conveyer, as well as software programming improvements to support integration with the updated equipment.

In addition, plans for a major upgrade of Tipper 1 progressed, which will see higher productivity vehicles utilised at both tippers, thus increasing the supply chain efficiency for TasPorts' customers. Works are planned to be completed by mid-2019.

Furthermore, the sweep bar levelling at Berth 7 that took place in early 2019 improved the berth depth for large woodchip vessels in Burnie.

TasPorts also worked with a PhD student from the University of Tasmania to analyse the unloading operations at BCET and the related industrial supply chains. The project was initiated to determine whether scheduling of trucks through a Terminal Appointment Project System could address truck congestion issues at BCET.

TasPorts' continual commitment to improve safety, efficiency and productivity, will see the recommendations from the study applied to operations in the coming financial year. The recommendations will help to improve supply chain efficiencies at all major ports around Tasmania.



Burnie Woodchip Export Terminal



### CONTAINERS

TasPorts continued to support the state's growth in container freight movements with an overall increase of 0.9% across the state.

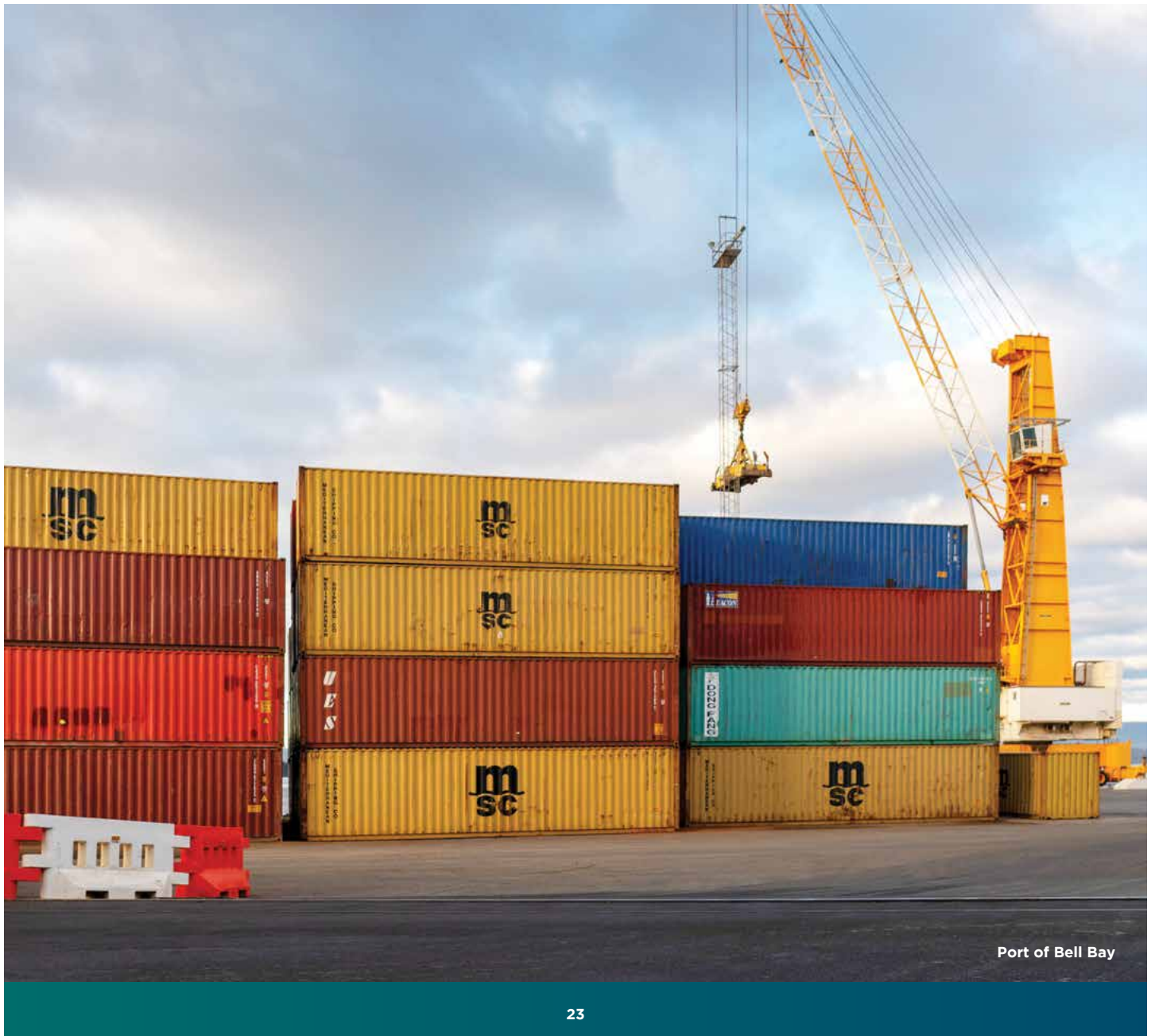
The Port of Devonport saw an increase of 8% in container movements, which accounted for 50% of the state's overall volumes. This was associated with the introduction of SeaRoad's new larger vessel in December 2017, which saw freight volumes grow accordingly. In addition, TT-Line increased the number of sailings during the peak summer period.

Devonport is expected to see additional future growth in coming years with SeaRoad announcing a replacement for their older vessel, *Searoad Tamar*. The new vessel will increase SeaRoad's freight capacity by a further 30%. TT-Line are also due to deliver two new vessels, which will increase their available freight capacity by 40%.

The Port of Burnie experienced a decrease in container volumes of 4% during the financial year, but still accounted for 43% of the state's overall container movements. This reduction was a result of capital berth works being undertaken in preparation for the arrival of Toll's new vessels in March 2019. The delivery of the new vessels saw Toll's container capacity numbers increase by 40%. As such, it is anticipated that Burnie will experience a significant increase in container movements during the 2019-20 financial year as a result of the new Toll vessels.

During 2018-19, container volumes at Bell Bay increased by 12%, making up 5% of Tasmania's overall container exports. This was supported by the introduction of a new containerised export log business at an off port site in early 2019. Exports through Mediterranean Shipping Company (MSC) at Bell Bay provided strong consistent base load volumes.

In January 2019, MSC changed their call rotation at the Port of Bell Bay, which resulted in smaller vessels calling. Freight volumes, however, remained unchanged.





### MINERALS AND FUEL

During 2018-19, volumes in the mineral sector increased marginally from the previous financial year. In September 2018, Hellyer Gold Mine commenced production, with its first export shipment of lead and zinc concentrates occurring in February 2019 from the Port of Burnie. Hellyer had their first shipment of pyrite through the Burnie Port, with stronger volumes expected in 2019-20.

The commencement of Hellyer Gold Mine operations resulted in the concentrate storage shed at Burnie being stretched to capacity. As a result, TasPorts collaborated with TasRail to review loading facility upgrade options for mineral concentrates through the Port of Burnie.

The Port of Bell Bay saw the shipment of one vessel of Australian Bauxite to the cement markets in May 2019.

Fuel volumes increased by 2.7% across Tasmania.

### RENEWABLE ENERGY FREIGHT

During the 2018-19 financial year, TasPorts supported the growth of the renewable energy industry in Tasmania.

In February 2019, the Port of Bell Bay saw the arrival of wind turbine equipment for the \$300 million Cattle Hill Wind Farm. The blade length of the 49 turbines were 68.7m, and required extensive planning to manage the logistics of moving them from Bell Bay to the Central Highlands in Tasmania. The components began the journey in March 2019 and will continue to be delivered to the wind farm through 2019-20. TasPorts provided an area inside the port at Bell Bay to store components while infrastructure was prepared for the equipment to be moved.

The Port of Burnie also received a number of shipments of wind turbine blades for the Granville Harbour Wind Farm, located near Zeehan on Tasmania's west coast. The \$280 million renewable energy project is part of Hydro Tasmania's plan to double Tasmania's renewable energy capacity.



Port of Bell Bay

### RESEARCH VESSELS

TasPorts is building the business for a better future, creating and delivering on new opportunities, while ensuring sustainable operations. In line with this commitment, TasPorts has been working to ensure that the Port of Hobart is confirmed as the Australian gateway to the Antarctic.

In September 2018, CEO Anthony Donald joined the Tasmanian Premier Will Hodgman and 22 industry delegates on a high-level trade and investment mission to China. The trip gave TasPorts the opportunity to further build a strong relationship with the Chinese Antarctic Programs.

As a result of these successful and positive negotiations, the Chinese Antarctic research vessel, *Xue Long*, arrived in Hobart in November 2018 for her first visit since 2014.

The French icebreaker *PP L'Astrolabe* also continued to home port in Hobart, with five calls made this season to refuel, as well as stock up on food, water and equipment.

These calls mark another step forward in TasPorts delivering a world-leading Antarctic precinct and logistics facility at the Port of Hobart. This will be further realised when the Port Master Plan upgrades are delivered in coming years, ensuring a new home for the Australian Antarctic Division's *RSV Nuyina* from mid-2020 and other international research vessels.

### METHYL BROMIDE RECAPTURE

Methyl Bromide is used as a broad-spectrum fumigant worldwide to eradicate pests in a range of commodities, necessary protection for Tasmania's significant biosecurity and trade interests.

TasPorts takes its responsibility in relation to safety and environmental management very seriously. The TasPorts Board decided in April 2018 to move beyond legislative compliance and introduce a mandate for Methyl Bromide recapture technology at TasPorts facilities, ensuring the protection of human health and the environment.

In November 2018, the requirement to utilise recapture technology with Methyl Bromide fumigation came into effect at all TasPorts facilities.

Methyl Bromide fumigation was carried out in Bell Bay during the financial year. It was undertaken in strict accordance with the Australian Fumigation Accreditation Scheme (AFAS) Methyl Bromide Fumigation Standard by appropriately licenced contractors.

Since the recapture technology was mandated, 220 containers have been treated with 309kg of Methyl Bromide recaptured. This has prevented the release of a significant amount of ozone depleting substance into the atmosphere and supports TasPorts' objective to prioritise environmental sustainability in our business whilst keeping our staff and communities safe.



Port of Hobart

# BASS ISLAND LINE

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Bass Island Line Pty Ltd (BIL) is a wholly owned subsidiary of TasPorts, established to provide shipping services to King Island. BIL operates a weekly service between Victoria, King Island and mainland Tasmania with the vessel *John Duigan*.

Across the year BIL shipped 13,864 tonnes of fertiliser, 552 cars, and 1,883 twenty-foot units (TEU) of general cargo.

*John Duigan* completed its 100th voyage on Monday 8 April 2019. It was also recognised by Work Boat World as the 'Best Large Landing Barge for 2018'.

BIL and TasPorts provided significant contributions to the King Island community this financial year through sponsorship and donations.

Assistance was provided to numerous community groups and organisations on the island including, King Island Racing Club, King Island Boat Club and Festival of King Island.

BIL also supported Tasmanian farmers who donated hay bales to NSW farmers affected by drought, by shipping the hay free of charge and covering wharfage charges.

At the beginning of 2019, TasPorts proactively sought input from Bass Strait operators and additional key stakeholders to enhance the BIL shipping service. The process was unable to identify a viable solution that would independently improve the important service. TasPorts has since committed to retain and enhance BIL into the long-term future.



*John Duigan*



# SOUTHERN EXPORT TERMINALS

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Southern Export Terminals Pty Ltd (SET) is a joint venture between TasPorts and Australian stevedore, Qube Ports. It is an open access facility, managing all bulk log storage and export activities within the Port of Hobart.

Throughout the financial year SET continued to provide all southern exporters with a cost-effective and direct gateway to international markets.

SET experienced significant growth during 2018-19, moving over 220,000 tonnes of log exports, representing an increase of 268% from the previous financial year.

The major bushfire events across Tasmania at the beginning of 2019, however, did have some short and medium term impacts to the volume of exports for both veneer and logs.

Veneer shipments ceased through the Hobart port, but sales of fire affected logs through SET increased significantly over this period.

In addition, with Swire Shipping leaving the Tasmanian market in September 2018, all containerised log exports ceased at SET. All remaining volume was transferred over to bulk log exports through SET.

Aushang International also ceased its bulk exports from Hobart, but continued its export operations out of Burnie. All remaining volume was acquired by existing SET customers, and exported through the facility.



L to R: Dan, ISO Marshalling Duty Manager;  
Craig, Southern Export Terminals Operations Manager

# GOVERNANCE AND KEY RESULTS

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# BOARD OF DIRECTORS

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## **Stephen Bradford**

### **Chairman**

Stephen has had a portfolio of non-executive and advisory roles. He is also Senior Advisor to Flagstaff Partners on infrastructure assets.

Previously, Stephen was the CEO of Port of Melbourne Corporation, 2004-13. During this time, he oversaw the approval and completion of the channel deepening project and instigated Webb Dock capacity expansion.

Prior to this, he was the CEO of Great Southern Railway and Managing Director of Serco Australia Transport. He has also been a Director of Napier Port in New Zealand and Through Transport Mutual Services in London.



## **Allison Clark**

### **Director**

Allison has an MBA (Innovation specialisation), is a member of the Australian Institute of Company Directors, and a Fellow of the Royal Society of the Arts. Her experience with innovation over a 15-year period has included small, medium, and large organisations in corporate and not-for-profit environments.

In 2018, Allison was the Tasmanian AgriFutures Rural Women of the Year and is working on a project to improve business start-up outcomes for individuals with diversity, disadvantage, or disability.

In addition to TasPorts, Allison is a non-executive Director with The Hobart Clinic and TAPAgriCo.



## **Sally Darke**

### **Director**

Sally is currently Chairperson of the Tasmanian Community Fund and non-executive Director of TasWater and the Tasmanian Farmers and Graziers Association. In May, she retired as Chairperson of Scotch Oakburn College having served her maximum tenure of 10 years on the Board of the College. She is also a past Chairperson, Director and Adviser to the Board of B&E and has had 10 years as a Director in the advisory practice of KPMG.

Sally has more than 25 years' experience in Human Resources and Corporate Governance in the financial, infrastructure, education, sporting and community sectors with an emphasis on regulated industries.





## Tracy Matthews

### Director

Tracy is a Fellow of the Australian Institute of Company Directors and of Chartered Accountants Australia and New Zealand. She has broad sector and industry experience and core skills in the areas of accounting, governance, audit and risk, business and strategic planning.

Tracy is currently a non-executive Director of the Public Trustee Tasmania, Chair of the Tasmanian Building and Construction Industry Training Board, and Commodore of the Royal Yacht Club of Tasmania. Previous directorships include Metro Tasmania, Tasplan Super, Colony 47 and the Printing Authority of Tasmania.



## Dario Tomat

### Director

Dario is a professional engineer with over 30 years' experience in the building, electricity, manufacturing and asset management areas. Dario is a Director at Whetstone Pty Ltd, responsible for project delivery, quality assurance and occupational health and safety.

Dario is a Fellow of the Australian Institute of Company Directors and Engineers Australia, and is a Registered Professional Engineer. Dario is currently Chair of Brain Injury Association of Tasmania, Chair of the Assessment Committee for the Registered Professional Engineer Scheme, and Chair of the Human Resources & Remuneration Committee for the TasPorts Board.



## Rayne Gillam

### Intern Director

TasPorts' Intern Director initiative provides governance experience to emerging business leaders. The appointment is for a period of one year.

Rayne Gillam has over 18 years' experience as a Chartered Accountant specialising in strategic planning and forecasting, business intelligence reporting, supply chain optimisation and feasibility studies. She is a member of the Australian Institute of Company Directors and is interested in further developing her skills during her tenure as an Intern Director with TasPorts.

Rayne is currently the Finance Manager at Petuna Aquaculture.



Port of Bell Bay

# CORPORATE LEADERSHIP

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**Anthony Donald**  
**Chief Executive Officer**

As the company's most senior executive, Anthony has overall responsibility for all major corporate and operational decisions, as well as strategic direction, policy, culture and company resources.

Anthony joined TasPorts in early 2016 as Chief Operating Officer, and was appointed as Chief Executive Officer in June 2019. He has extensive experience in the maritime sector, as well as in transport and logistics.



**Stephen Casey**  
**Chief Operating Officer**

Stephen provides executive leadership for the entire terminals and landside portfolio. This includes infrastructure, operations, property, supply chain and health and safety. His team ensures optimal asset lifecycle management, all aspects of project delivery and commercial returns from key infrastructure.

Stephen also provides oversight of Devonport Airport's operations, Bass Island Line Shipping and Southern Export Terminals (SET).



**Geoff Duggan**  
**Chief Financial Officer**

Geoff leads our corporate services team and ensures the efficient operation of financial management, corporate and financial planning, information technology, human resources, as well as legal and governance of the company.

Geoff maintains an optimised financial position of the company and leads TasPorts' corporate planning functions.



# CORPORATE LEADERSHIP

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**Matthew Johnston**

**Executive General Manager Marine Services  
and Shipping**

Matthew manages all marine services undertaken by TasPorts. His team includes TasPorts' Harbour Master, pilotage teams, towage teams, marine operatives and engineers, deckhands and our Vessel Traffic System (VTS) team.

Within his role, he is responsible for navigation and fleet safety within TasPorts' managed ports. Matthew works hard to ensure our relationships with regulators and stakeholders remain strong and effective.



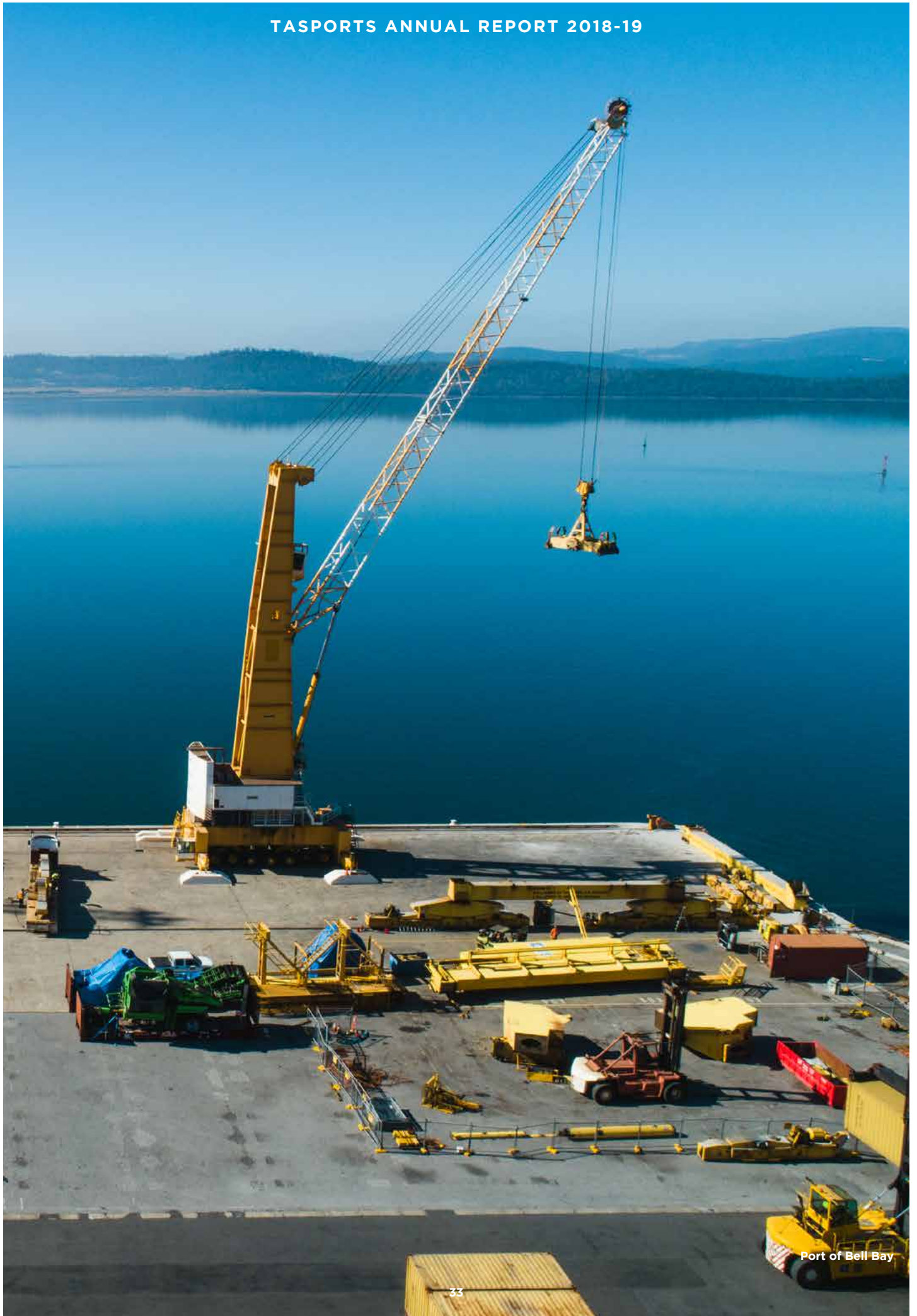
**Phil Hoggett**

**Executive General Manager Commercial and Trade**

Phil joined the TasPorts executive team in February 2019 to lead commercial relationships and trade growth for the business.

Phil's role incorporates maximising customer satisfaction and progressing stakeholder relationships, as well as identifying new opportunities for business growth.





Port of Bell Bay



# PERFORMANCE AGAINST STATEMENT OF CORPORATE INTENT

Financial Returns to Government	Full Year Target (\$m)	Full Year Actual (\$m)	Comment
Dividends Paid (\$m)	5.6	5.2	A very pleasing overall result reflective of the organisation aligning performance with objectives and goals. The dividend paid during the year was lower than budget due to a higher than target 2018 operating loss incurred by Bass Island Line.
Guarantee Fees (\$m)	0.4	0.3	The slight decline in guaranteed fees resulted from the sensible decision associated with the early repayment of debt of \$7.5 million.
Tax Equivalents Paid (\$m)	6.4	9.0	The higher than target TasPorts profitability in 2018 and higher revenue in 2019 resulted in higher tax payments.
<b>Total</b>	<b>12.4</b>	<b>14.5</b>	

Financial Targets	Full Year Target	Full Year Actual	Comment
Operating Profit before Interest, Tax, Depreciation and Maintenance (\$m)	48.9	54.6	TasPorts continued to deliver increasing and strong operating profits due to increased freight volumes and operating cost controls. The above target operating profit resulted in higher profitability and asset return ratios.
Maintenance (\$m)	15.6	17.0	
Operating Profit after Tax (\$m)	10.9	14.2	
% Increase in Operating Costs	0.9	(1.0)	
Capital Expenditure (\$m)	20.9	18.1	The commitment to infrastructure remediation and renewal is evidenced by the significant maintenance and capital expenditure spend. The marginally lower capital expenditure was due to some projects being deferred or delayed (with Board approval), and the team subsequently progressed additional maintenance works in line with the Strategic Asset Management Plan.
Return on Assets (%) – Full Year	3.5	4.5	
Return on Equity (%) – Full Year	4.4	5.7	
Gearing (%) – Full Year	10.1	7.4	
Interest Cover Ratio (EBIT) – Full Year	9.9	13.7	TasPorts debt facility decreased due to early repayment of a \$7.5 million loan, which resulted in improved gearing and interest cover ratios.
Interest Cover Ratio (EBITDA) – Full Year	18.5	22.8	

Non-Financial Targets	Full Year Target	Full Year Actual	Comment
Loss Time Injury Frequency Rate	2.5	7.4	Whilst TasPorts experienced three lost time injuries during the year, an overall improvement in safety culture and performance has been observed by management and an independent safety assessment. This is further supported by re-certification of TasPorts safety system compliance to ISO standards.

## DEFINITIONS

Maintenance	Total maintenance and land and marine infrastructure and other assets
% Increase in Operating Costs	Operating expenses excluding maintenance expenses and fuel acquired for resale
Capital Expenditure	Expenditure on plant & equipment, marine fleet and infrastructure
Return on Assets	Operating profit after tax divided by total assets
Return on Equity	Operating profit after tax divided by total equity
Gearing	External debt divided by (total equity + external debt)
Interest Cover Ratio (EBIT)	Operating profit before interest and tax divided by finance costs (interest & guarantee fees)
Interest Cover Ratio (EBITDA)	Operating profit before interest, tax and depreciation divided by finance costs (interest & guarantee fees)
Lost Time Injury Frequency Rate	(Lost time injury incidents for the year X 1 million) divided by total hours worked

# FREIGHT STATISTICS

## TASMANIAN - FREIGHT STATISTICS\*

YEAR	TONNES						CHANGE FROM FY2006	TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH		INWARD	OUTWARD	TOTAL		
05/06**	5,112,865	-	9,681,748	-	14,794,613	-	-	224,621	225,452	450,073	2,187	6,765
06/07	4,985,676	-2.49%	10,209,748	5.5%	15,195,424	2.7%	2.7%	221,446	228,974	450,420	2,046	7,427
07/08	5,517,080	10.66%	10,705,453	4.9%	16,222,533	6.8%	9.7%	246,331	245,154	491,485	2,102	7,718
08/09	5,285,411	-4.20%	9,568,919	-10.6%	14,854,330	-8.4%	0.4%	235,596	238,589	474,185	1,996	7,442
09/10	4,822,976	-8.75%	8,602,367	-10.1%	13,425,343	-9.6%	-9.3%	230,291	230,666	460,957	1,873	7,168
10/11	5,074,191	5.21%	8,463,833	-1.6%	13,538,024	0.8%	-8.5%	233,113	230,233	463,346	1,973	6,862
11/12	4,729,623	-6.79%	6,556,943	-22.5%	11,286,566	-16.6%	-23.7%	229,681	227,144	456,825	1,770	6,377
12/13	4,862,850	2.82%	6,439,284	-1.8%	11,302,134	0.1%	-23.6%	230,879	228,474	459,353	1,794	6,300
13/14	4,980,686	2.42%	7,589,447	17.9%	12,570,134	11.2%	-15.0%	226,828	224,476	451,304	1,774	7,086
14/15	5,127,520	2.95%	7,635,799	0.6%	12,763,319	1.5%	-13.7%	232,513	229,051	461,565	1,844	6,922
15/16	5,364,702	4.63%	8,385,800	9.8%	13,750,502	7.7%	-7.1%	236,215	232,392	468,607	1,915	7,180
16/17	5,094,675	-5.0%	9,157,651	9.2%	14,252,327	3.6%	-3.7%	239,765	235,398	475,163	2,071	6,882
17/18	5,637,839	10.66%	9,587,558	4.7%	15,225,397	6.8%	2.9%	267,429	262,838	530,268	2,215	6,874
18/19	5,752,328	2.0%	9,809,917	2.3%	15,562,245	2.2%	5.2%	272,547	263,736	536,283	2,182	7,132

\*Excludes Stanley and Flinders Island volumes & ship numbers, and Port Latta ship numbers.

\*\* TasPorts commenced operation on 1/1/06. Therefore, the previous 6 months relate to figures from the former regional port companies.

## BELL BAY - FREIGHT STATISTICS

YEAR	TONNES						CHANGE FROM FY2006	TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH		INWARD	OUTWARD	TOTAL		
05/06*	1,512,356	-	3,424,957	-	4,937,313	-	-	42,779	46,211	88,990	403	12,251
06/07	1,417,049	-6.30%	3,829,923	11.8%	5,246,972	6.3%	6.3%	43,443	45,857	89,300	413	12,705
07/08	1,646,474	16.19%	3,866,118	0.9%	5,512,592	5.1%	5.1%	46,372	43,086	89,458	445	12,388
08/09	1,598,558	-2.91%	3,105,760	-19.7%	4,704,318	-14.7%	-14.7%	45,339	46,587	91,926	385	12,219
09/10	1,262,014	-21.05%	2,523,076	-18.8%	3,785,090	-19.5%	-19.5%	22,246	24,117	46,363	310	12,210
10/11	1,519,945	20.44%	2,514,306	-0.3%	4,034,251	6.6%	6.6%	24,689	23,001	47,690	377	10,701
11/12	1,160,359	-23.66%	1,172,498	-53.4%	2,332,857	-42.2%	-42.2%	2,412	3,473	5,885	207	11,270
12/13	1,226,603	5.71%	1,190,124	1.5%	2,416,727	3.6%	3.6%	849	434	1,283	171	14,133
13/14	1,310,605	6.85%	1,920,509	61.4%	3,231,114	33.7%	33.7%	1,643	1,899	3,542	170	19,007
14/15	1,339,906	2.24%	1,907,453	-0.7%	3,247,358	0.5%	0.5%	3,115	3,015	6,130	174	18,663
15/16	1,368,210	2.11%	2,101,772	10.2%	3,469,983	6.9%	6.9%	6,439	6,758	13,197	220	15,773
16/17	1,387,383	1.4%	2,221,682	5.7%	3,609,065	4.0%	4.0%	7,888	7,544	15,432	278	12,982
17/18	1,583,323	14.12%	2,515,114	13.2%	4,098,437	13.6%	13.6%	11,984	11,970	23,954	274	14,958
18/19	1,651,419	4.3%	2,611,357	3.8%	4,262,776	4.0%	4.0%	14,181	12,736	26,917	222	19,202

\* TasPorts commenced operation on 1/1/06. Therefore, the previous 6 months relate to figures from the former regional port companies.

## TASPORTS ANNUAL REPORT 2018-19

### BURNIE - FREIGHT STATISTICS

YEAR	TONNES						TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL		
05/06*	1,251,495	-	2,899,227	-	4,150,722	-	91,475	103,031	194,506	549	7,561
06/07	1,260,495	0.72%	3,016,948	4.1%	4,277,443	3.1%	97,659	106,369	204,028	508	8,420
07/08	1,357,817	7.72%	3,099,244	2.7%	4,457,061	4.2%	109,970	117,267	227,237	545	8,178
08/09	1,291,547	-4.88%	2,874,827	-7.2%	4,166,374	-6.5%	103,475	109,720	213,195	503	8,283
09/10	1,280,401	-0.86%	2,821,438	-1.9%	4,101,839	-1.5%	114,205	115,646	229,851	437	9,386
10/11	1,161,080	-9.32%	2,819,162	-0.1%	3,980,242	-3.0%	115,142	116,473	231,615	457	8,710
11/12	1,238,958	6.71%	2,505,391	-11.1%	3,744,349	-5.9%	121,776	120,508	242,284	440	8,510
12/13	1,264,739	2.08%	2,371,866	-5.3%	3,636,605	-2.9%	126,986	126,847	253,833	452	8,046
13/14	1,299,671	2.76%	2,751,950	16.0%	4,051,621	11.4%	121,205	120,931	242,136	435	9,314
14/15	1,356,681	4.39%	2,900,399	5.4%	4,257,080	5.1%	119,946	119,308	239,254	423	10,064
15/16	1,436,622	5.89%	3,466,489	19.5%	4,903,111	15.2%	124,435	123,601	248,036	428	11,456
16/17	1,303,653	-9.3%	4,028,166	16.2%	5,331,819	8.7%	120,936	120,430	241,366	443	12,036
17/18	1,380,828	5.92%	4,062,579	0.9%	5,443,407	2.1%	121,202	119,283	240,485	470	11,582
18/19	1,335,008	-3.3%	3,933,761	-3.2%	5,268,769	-3.2%	117,175	112,740	229,915	483	10,908

\* TasPorts commenced operation on 1/1/06. Therefore, the previous 6 months relate to figures from the former regional port companies.

### DEVONPORT - FREIGHT STATISTICS

YEAR	TONNES						TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL		
05/06*	1,297,773	-	1,842,299	-	3,140,072	-	90,243	75,854	166,097	968	3,244
06/07	1,317,496	1.52%	1,805,453	-2.0%	3,122,949	-0.5%	80,204	76,260	156,464	875	3,569
07/08	1,375,408	4.40%	1,888,480	4.6%	3,263,888	4.5%	87,913	83,123	171,036	849	3,844
08/09	1,327,270	-3.50%	1,865,337	-1.2%	3,192,607	-2.2%	86,782	82,282	169,064	847	3,769
09/10	1,359,929	2.46%	1,907,112	2.2%	3,267,041	2.3%	93,840	90,902	184,742	849	3,848
10/11	1,349,652	-0.76%	1,853,380	-2.8%	3,203,032	-2.0%	93,282	90,759	184,041	856	3,742
11/12	1,385,711	2.67%	1,971,614	6.4%	3,357,326	4.8%	101,341	99,353	200,695	829	4,050
12/13	1,344,913	-2.94%	2,109,886	7.0%	3,454,799	2.9%	98,883	97,244	196,127	826	4,183
13/14	1,413,393	5.09%	2,136,787	1.3%	3,550,181	2.8%	100,616	98,529	199,146	827	4,293
14/15	1,458,430	3.19%	2,181,075	2.1%	3,639,505	2.5%	105,074	102,814	207,888	845	4,307
15/16	1,462,018	0.25%	2,088,754	-4.2%	3,550,772	-2.4%	100,839	97,802	198,641	872	4,072
16/17	1,492,196	2.1%	2,252,860	7.9%	3,745,055	5.5%	106,742	102,361	209,103	939	3,988
17/18	1,670,513	11.95%	2,239,784	-0.6%	3,910,297	4.4%	126,373	123,886	250,258	978	3,998
18/19	1,706,462	2.2%	2,304,618	2.9%	4,011,080	2.6%	137,207	133,447	270,654	950	4,222

\* TasPorts commenced operation on 1/1/06. Therefore, the previous 6 months relate to figures from the former regional port companies.



## TASPORTS ANNUAL REPORT 2018-19

### HOBART - FREIGHT STATISTICS (INCLUDING TRIABUNNA)

YEAR	TONNES						TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL		
05/06*	1,051,241	-	1,515,265	-	2,566,506	-	124	356	480	267	9,612
06/07	990,636	-5.77%	1,557,424	2.8%	2,548,060	-0.7%	140	488	628	250	10,192
07/08	1,137,381	14.81%	1,851,611	18.9%	2,988,992	17.3%	2,076	1,678	3,754	263	11,365
08/09	1,068,036	-6.10%	1,722,995	-6.9%	2,791,031	-6.6%	-	-	-	261	10,694
09/10	920,632	-13.80%	1,350,741	-21.6%	2,271,373	-18.6%	-	1	1	277	8,200
10/11	1,043,514	13.35%	1,276,986	-5.5%	2,320,500	2.2%	-	1	1	283	8,200
11/12	910,069	-12.79%	870,332	-31.8%	1,780,401	-23.3%	-	-	-	248	7,179
12/13	995,750	9.41%	719,163	-17.4%	1,714,913	-3.7%	-	-	-	253	6,778
13/14	927,585	-6.85%	744,917	3.6%	1,672,503	-2.5%	-	-	-	224	7,467
14/15	937,410	1.06%	606,200	-18.6%	1,543,610	-7.7%	26	12	38	256	6,030
15/16	1,062,411	13.33%	696,176	14.8%	1,758,588	13.9%	297	229	526	270	6,513
16/17	876,314	-17.5%	613,821	-11.8%	1,490,135	-15.3%	1,033	844	1,877	262	5,688
17/18	963,061	9.90%	734,708	19.7%	1,697,768	13.9%	4,228	4,114	8,341	291	5,834
18/19	1,017,479	5.7%	925,329	25.9%	1,942,808	14.4%	251	1,174	1,425	349	5,567

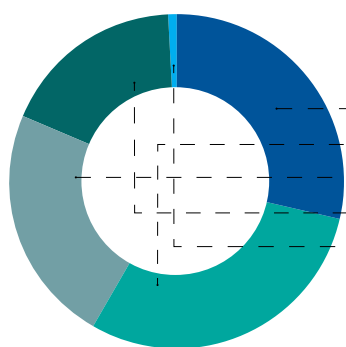
\* TasPorts commenced operation on 1/1/06. Therefore, the previous 6 months relate to figures from the former regional port companies.

### KING ISLAND - FREIGHT STATISTICS

YEAR	TONNES						TEUS			NO. SHIPS	AVG. CARGO PER SHIP
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL		
11/12*	34,525	-	37,108	-	71,633	-	4,152	3,809	7,961	46	1,557
12/13	30,845	-10.66%	48,245	30.0%	79,090	10.4%	4,161	3,949	8,110	92	860
13/14	29,432	-4.58%	35,283	-26.9%	64,715	-18.2%	3,364	3,116	6,480	118	548
14/15	35,093	19.23%	40,673	15.3%	75,766	17.1%	4,352	3,903	8,255	146	519
15/16	35,440	0.99%	32,608	-19.8%	68,049	-10.2%	4,205	4,002	8,207	125	544
16/17	35,129	-0.88%	41,123	26.1%	76,253	12.1%	3,166	4,219	7,385	149	512
17/18	40,114	14.19%	35,374	-14.0%	75,489	-1.0%	3,643	3,586	7,229	202	374
18/19	41,960	4.6%	34,852	-1.5%	76,812	1.8%	3,733	3,639	7,372	178	432

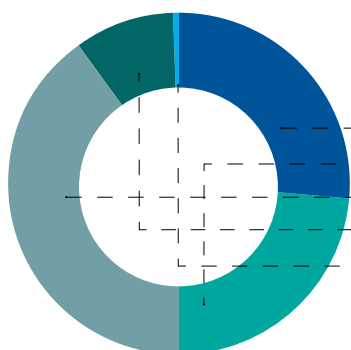
\* The business conducted by King Island Ports Corporation Pty Ltd was transferred into Tasmanian Ports Corporation Pty Ltd 1/07/2011.

# FREIGHT VOLUMES



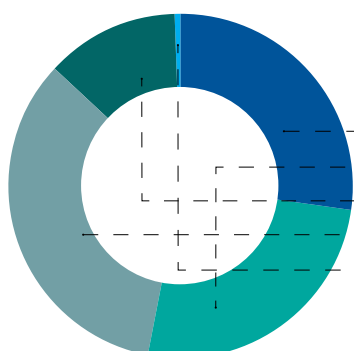
## 2018-2019 IMPORT TONNES

FY 2019	TONNES	%
Bell Bay	1,651,419	28.7%
Devonport	1,706,462	29.7%
Burnie	1,335,008	23.2%
Hobart	1,017,479	17.7%
King Island	41,960	0.7%
<b>Total</b>	<b>5,752,328</b>	<b>100%</b>



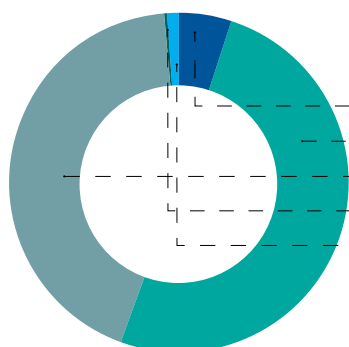
## 2018-2019 EXPORT TONNES

FY 2019	TONNES	%
Bell Bay	2,611,357	26.6%
Devonport	2,304,618	23.5%
Burnie	3,933,761	40.1%
Hobart	925,329	9.4%
King Island	34,852	0.4%
<b>Total</b>	<b>9,809,917</b>	<b>100%</b>



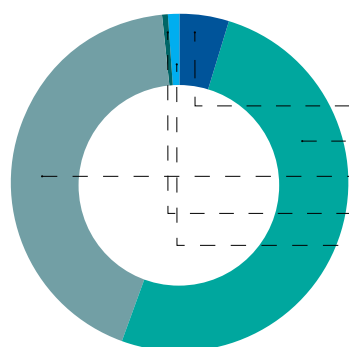
## 2018-2019 TOTAL TONNES

FY 2019	TONNES	%
Bell Bay	4,262,776	27.4%
Devonport	4,011,080	25.8%
Burnie	5,268,769	33.9%
Hobart	1,942,808	12.5%
King Island	76,812	0.5%
<b>Total</b>	<b>15,562,245</b>	<b>100%</b>



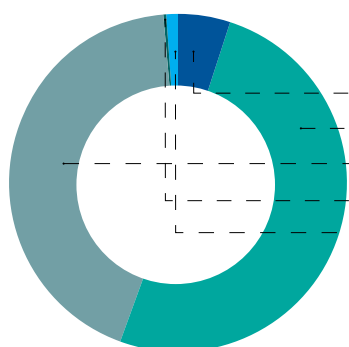
#### 2018-2019 INWARD TEUS

FY 2019	TEUs	%
Bell Bay	14,181	5.2%
Devonport	137,207	50.3%
Burnie	117,175	43.0%
Hobart	251	0.1%
King Island	3,733	1%
<b>Total</b>	<b>272,547</b>	<b>100%</b>



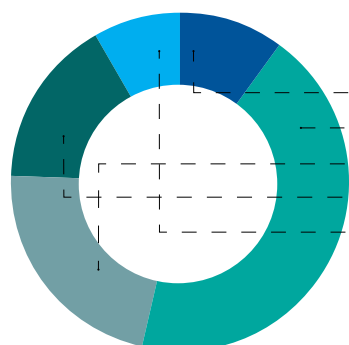
#### 2018-2019 OUTWARD TEUS

FY 2019	TEUs	%
Bell Bay	12,736	4.8%
Devonport	133,447	50.6%
Burnie	112,740	42.7%
Hobart	1,174	0.4%
King Island	3,639	1%
<b>Total</b>	<b>263,736</b>	<b>100%</b>



#### 2018-2019 TOTAL TEUS

FY 2019	TEUs	%
Bell Bay	26,917	5.0%
Devonport	270,654	50.5%
Burnie	229,915	42.9%
Hobart	1,425	0.3%
King Island	7,372	1%
<b>Total</b>	<b>536,283</b>	<b>100%</b>



#### 2018-2019 TOTAL SHIPS

FY 2019	SHIPS	%
Bell Bay	222	10.2%
Devonport	950	43.5%
Burnie	483	22.1%
Hobart	349	16.0%
King Island	178	8.2%
<b>Total</b>	<b>2,182</b>	<b>100%</b>



# COMMODITIES STATEWIDE

## 2018-2019 TOP TWENTY COMMODITIES - TEUS

COMMODITY	TOTAL	
GENERAL CARGO	191,997	
EMPTY	134,128	
FOODS - OTHER	45,048	
BEVERAGES	29,882	
TIMBER PRODUCTS	14,261	
NEWSPRINT	12,872	
HAZARDOUS	10,690	
VEGETABLES	10,662	
DAIRY PRODUCTS	10,065	
CATTLE	7,397	
ALUMINIUM INGOTS & BLOCK	7,215	
WHEAT	6,579	
ZINC	6,359	
METALS - OTHER	4,897	
SCRAP METAL	4,736	
TRADE VEHICLES	4,431	
PAPER PRODUCTS	4,344	
ZINC CONCENTRATE	4,051	
GRAINS - OTHER	3,681	
MEAT	3,302	

## 2018-2019 TOP TWENTY COMMODITIES - TONNES

COMMODITY	TOTAL	
WOODCHIPS	3,324,042	
GENERAL CARGO	1,751,347	
CEMENT	1,262,570	
LOGS	825,287	
ZINC CONCENTRATE	767,943	
MET FINES	708,723	
FOODS - OTHER	466,402	
EMPTY	449,410	
DIESEL	436,262	
ALUMINA	371,802	
BEVERAGES	367,202	
UNLEADED FUEL	297,462	
SULPHURIC ACID	257,465	
TOURIST VEHICLES	255,644	
MAGNETITE	255,492	
FE & SI MANGANESE	254,048	
FERTILISER	253,389	
NEWSPRINT	199,890	
COKE	194,753	
PARAGOETHITE	192,904	

# STATISTICS TABLES

*The following statistics are for the Economic Entity*

REVENUE	
2008	\$97,035,764
2009	\$87,275,019
2010	\$80,582,635
2011	\$76,777,681
2012	\$72,897,975
2013	\$74,578,070
2014	\$82,381,644
2015	\$86,895,720
2016	\$94,669,655
2017	\$104,597,092
2018	\$122,981,502
2019	\$129,313,740

NET PROFIT AFTER TAX	
2008	\$11,741,465
2009	\$5,781,933
2010	\$1,186,210
2011	\$297,269
2012	(\$6,665,097)
2013	(\$1,392,491)
2014	(\$168,778)
2015	(\$8,548,962)
2016	\$1,217,993
2017	\$3,166,404
2018	\$5,793,621
2019	\$12,046,756

CAPITAL EXPENDITURE	
2008	\$29,019,471
2009	\$14,463,908
2010	\$3,972,432
2011	\$3,436,432
2012	\$5,395,498
2013	\$8,317,271
2014	\$11,994,326
2015	\$13,230,254
2016	\$14,577,704
2017	\$16,704,058
2018	\$33,281,513
2019	\$18,122,049

MAINTENANCE	
2008	\$6,842,424
2009	\$8,524,560
2010	\$7,576,342
2011	\$10,391,080
2012	\$10,001,319
2013	\$8,597,575
2014	\$14,120,577
2015	\$26,461,296
2016	\$23,002,453
2017	\$16,909,905
2018	\$15,115,925
2019	\$17,389,542

RETURN ON EQUITY	
2008	9.36%
2009	4.60%
2010	0.96%
2011	0.16%
2012	(3.78%)
2013	(0.80%)
2014	(0.09%)
2015	(4.53%)
2016	0.61%
2017	1.32%
2018	2.38%
2019	4.82%

RETURNS TO GOVERNMENT		
2008	\$3,498,617	\$5,435,905
2009	\$1,275,756	\$3,617,151
2010	\$134,591	\$684,366
2011	\$117,440	\$0
2012	\$32,152	\$0
2013	\$534,911	\$0
2014	\$784,227	\$0
2015	\$49,428	\$0
2016	\$494,167	\$1,370,048
2017	\$4,000,977	\$2,815,131
2018	\$5,980,096	\$5,214,259
2019	\$8,480,742	\$10,842,080

**Gross tax payable from current years' profit**

**Dividend payable from current years' profit**

# CORPORATE GOVERNANCE DISCLOSURES

TasPorts was established pursuant to the *Tasmanian Ports Corporation Act 2005* (the Act) and is 100% owned by the Tasmanian Government. The Shareholder Ministers are the Minister responsible for Infrastructure and the Minister responsible for administering the *Government Business Enterprise Act 1995*.

The Act states that TasPorts' principle objectives are to:

- Facilitate trade for the benefit of Tasmania; and
- Operate its activities in accordance with sound commercial practice.

Shareholder expectations in relation to TasPorts' objectives, performance, reporting, financial and other matters are documented in the Shareholders' Statement of Expectations.

In October 2008, the Shareholders issued a Governance Framework Guide for Tasmanian Government Businesses and State Owned Companies. The Guide referenced the eight core principles underlining good corporate governance as recommended by the ASX Corporate Governance Council for listed companies.

While noting that the principles were not mandated, the Shareholder Ministers expressed an expectation that the core principles, where relevant, would be adopted by the Boards of Government Businesses and State Owned Companies.

In addition to the Corporate Governance Principles noted below, the Department of Treasury and Finance has issued a Governance Framework and Guidelines in relation to:

- Board appointments;
- Appointing the Chief Executive Officer as a member of the Board;
- Director induction, education and training;
- Assessing Board performance;
- Director and Executive remuneration;
- Overseas travel;
- Reporting;
- Corporate planning;
- Capital investment; and
- Subsidiary companies and joint ventures.

TasPorts has adopted applicable practices in compliance with the Governance Framework and Guidelines. TasPorts' position on the eight core principles outlined in the Governance Framework Guide is as follows.

## LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY THE BOARD

The Board operates under a formal Charter and Code of Conduct that details its duties and responsibilities. The primary roles of the Board are to:

- Set the strategic direction of TasPorts;
- Ensure appropriate processes are in place for risk assessment and management;
- Ensure accountability to the Shareholders; and
- Appoint and review the performance of the Chief Executive Officer.

The Charter also addresses the relationship between the Board and management. The CEO is responsible for the general administration and management of TasPorts comprising:

- Conducting day to day business in accordance with relevant legislation, the Constitution, the Shareholders' Statement of Expectations and policies endorsed by the Board;
- Advising the Board, on a regular basis, on operational and financial performance; and
- Immediately advising the Board of any material matter likely to seriously impact TasPorts.

A delegations policy details limits of delegated authority to management and reserved functions for the Board.

In order to assist the Board perform its duties, an Audit and Risk Management Committee and a Human Resources and Remuneration Committee have been established. Each Committee operates under its own Charter, which is reviewed regularly.

Performance management processes have been established for all staff including management. The process involves assessment of capabilities and performance against determined key performance indicators. The assessment process also addresses development and training requirements. The Board is also subject to a regular performance evaluation.

## STRUCTURE THE BOARD TO ADD VALUE

The composition of, and appointments to, the Board are prescribed by the Act. The Act requires the Board to consist of Directors who have the skills and experience necessary to enable TasPorts to achieve its objectives. Directors are encouraged to undertake ongoing education relevant to their role as Director. The Chairman and all other Directors are independent Non-Executive Directors.

The Board has adopted the process recommended in the Guidelines for the selection and appointment of new Directors to the Board and for the reappointment of Directors whose terms are up for renewal. This process involves a performance evaluation for those Directors seeking reappointment.

In the event that a new appointment is made, the new Director undertakes a comprehensive induction program, including briefings from the Chief Executive Officer and senior management.



## PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

TasPorts has adopted a set of values and a Code of Conduct in relation to its internal and external dealings. The Board, via the Company Secretary, maintains a register of declarations of interests that are updated regularly.

TasPorts' policies address the issue of conflict of interest and include procedures for dealing with conflict of interests should they arise.

## SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer provide written undertakings to the Board providing assurances that TasPorts' financial reports present a true and fair view and are in accordance with relevant accounting standards.

The Board has established an Audit and Risk Management Committee. The internal audit function is provided by an external resource and this appointment is reviewed every three years.

TasPorts' external auditor is the Auditor-General of Tasmania. The Auditor-General, or his representatives, attend meetings of the Audit and Risk Management Committee from time to time.

## MAKE TIMELY AND BALANCED DISCLOSURE

TasPorts is not a company listed on the Australian Stock Exchange (ASX) and therefore is not subject to the ASX Listing Rules, which include continuous disclosure requirements to the ASX. TasPorts reports to its Shareholders in accordance with statutory obligations, Shareholder directions and obligations provided in TasPorts' Constitution.

The Chairman and Chief Executive Officer regularly meet with Shareholders to provide briefings on key issues and developments.

## RESPECT THE RIGHTS OF SHAREHOLDERS

TasPorts complies with formal reporting obligations under its Constitution, applicable legislation and the Guidelines, and also provides regular briefings to its Shareholders. TasPorts recognises its relationship with the wider community as it strives to meet its objective of facilitating trade for the benefit of Tasmania.

## RECOGNITION AND MANAGEMENT OF RISK

TasPorts manages its operational, financial and compliance risks in accordance with a Risk Management Framework. The framework and supporting policies have been prepared in accordance with relevant standards and are approved by the Audit and Risk Management Committee.

A formal risk assessment process, to document the organisational strategic risk profile, has been undertaken and this profile is subject to annual review.

TasPorts has established a fraud risk register and policy, which is regularly reviewed by management and reported to the Audit and Risk Management Committee.

## REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Human Resources and Remuneration Committee, which is responsible for ensuring that the Board is comprised of persons with a suitable range of skills, expertise and experience and to also ensure that remuneration policies and practices are fair and responsible. Under its Charter, the Committee is responsible for the following:

- Maintaining an understanding of current organisational planning, employment management practices and regulatory obligations;
- Reviewing and making recommendations to the Board on its size, composition and tenure of Directors, succession planning for the Chief Executive Officer and Executive;
- Reviewing and making recommendations on TasPorts' human resources strategy and policies including matters relating to TasPorts' culture and culture strategy;
- Recommending remuneration for the Chief Executive Officer and reviewing annual performance against targets;
- Reviewing compensation arrangements (including incentives and other benefits) for management and performance target outcomes;
- Reviewing and recommending for Board approval policies for employee remuneration generally;
- Reviewing and making recommendations to the Board regarding Board performance including Board committee performance;
- Making recommendations to the Board regarding employee and Board diversity; and
- Examining any matters referred to it by the Board.

## PUBLIC INTEREST DISCLOSURES ACT

As required under the *Public Interest Disclosures Act 2002*, TasPorts has developed a system for reporting disclosures of improper conduct, corrupt conduct, or detrimental action by TasPorts, its officers or employees. The procedures are available at [www.tasports.com.au](http://www.tasports.com.au) or by contacting the Public Interest Disclosure Officer, TasPorts, GPO Box 202, Hobart, Tasmania 7001.

No reports were made in 2018-19 under this regime.

## RIGHT TO INFORMATION ACT

TasPorts is committed to complying with the *Right to Information Act 2009*. Details about the Act and the company's obligations under it are available at [www.tasports.com.au](http://www.tasports.com.au) or by contacting the Right to Information Officer, TasPorts, GPO Box 202, Hobart, Tasmania, 7001.

During 2018-19, there were no formal applications for assessed disclosure received.

### PERSONAL INFORMATION PROTECTION ACT

TasPorts is subject to the *Personal Information Protection Act 2004*, which prescribes personal information protection principles for Tasmania.

During 2018-19, there were no complaints received under this regime.

### OVERSEAS TRAVEL

No overseas travel was undertaken by the Directors during the 2018-19 financial year.

The Chief Operating Officer travelled to China in September 2018 with the Premier of Tasmania for a trade and investment mission. The cost of the trip was \$7,229.

### SUPERANNUATION

TasPorts complied with its obligations under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* in respect to employees of TasPorts who are members of complying superannuation schemes.

### BOARD PERFORMANCE

The Board conducts an annual review of performance in accordance with its Charter, which adopts the *Guidelines for Tasmanian Government Businesses: Assessing Board Performance*.

Board, Board Committee and individual Director performance reviews are conducted as part of this process. The reviews consider the contribution and capability of Directors against the Board's desired skills matrix.

During the 2018-19 financial year, the Board undertook a Board Performance Assessment, the scope of which included Director self and peer performance assessments, as well as Committee performance assessments. The approach undertaken was a questionnaire based assessment covering core areas, including strategy, Board effectiveness, Board operations, monitoring and evaluation, governance and ethics, risk management, Board committees and Board intern.

# BUY LOCAL AND PAYMENT OF ACCOUNTS GUIDELINES

## BACKGROUND

The Treasurer has approved the following Guidelines for Tasmanian Government Businesses:

1. Buy Local - which encourages purchasing from Tasmanian suppliers and increased disclosures on the use of consultants; and
2. Payment of Accounts - which requires implementation of appropriate policies and procedures to ensure that all accounts are paid on time and, if not, interest is paid for late payments.

## BUY LOCAL

A "Tasmanian business" is defined as a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers.

For the past three financial years, purchases from Tasmanian businesses were as follows:

	2019	2018	2017
Percentages of purchases from Tasmanian businesses	80%	65%	84%
Value of purchases from Tasmanian businesses	\$74,278,469	\$70,050,092	\$65,782,647

The 2018 year onwards is for the Economic Entity, and includes Bass Island Line Pty Ltd.

Purchases are defined to include operating expenses (excluding employment expenses, finance expenses and depreciation) together with capital expenditure. Purchases from non-Tasmanian businesses constitute equipment, goods and services not available from Tasmanian businesses (specifically for 2018, two new tug boats and the purchase of the *John Duigan* vessel for Bass Island Line). Excluding these purchases, in 2018, 79% of purchases were from Tasmanian businesses.

## PAYMENT OF ACCOUNTS

The Tasmanian Government has issued a Guideline that requires Government owned businesses:

- to implement appropriate policies and procedures to ensure that all accounts are paid on time and, if not, interest is paid for late payments;
- pay invoices of less than \$50,000 within 30 days, or if a shorter term has been agreed, within the shorter term; and
- pay invoices of \$50,000 and above in accordance with agreed terms and by the due date.

The expectation is to pay all invoices correctly rendered by suppliers within the period specified by the supplier, or where the contract is silent on payment requirements, within 30 calendar days of the date, of a correctly rendered invoice.

To ensure TasPorts is able to pay suppliers within 30 days of the invoice date, the invoices must be correctly rendered and received by TasPorts on a timely basis.

Set out below is detail for the previous three financial years.

Invoices due or paid	2019	2018	2017
Average creditor days	25	24	25
Number of accounts due for payment	16,035	17,474	15,682
Number of accounts paid on time	13,476 (84%)	15,175 (87%)	13,595 (87%)
Amount due for payment	\$118,561,990	\$124,623,455	\$87,547,999
Amount paid on time	\$111,085,581	\$117,521,564	\$82,259,183
Number of payments for interest on over-due accounts	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil

The 2018 year onwards is for the Economic Entity, and includes Bass Island Line Pty Ltd.

## Reasons for delays

- Invoices issued in advance of services or goods being received or complete.
- Dispute as to the price of goods or services, additional documentation requirement, timeliness of delivery or incorrect goods or services provided.
- Vendors not providing sufficient detail on the invoice for TasPorts to recognise the validity of the invoice.

There has been no instance where, during the reporting periods, that interest is payable in relation to any invoice.

## Details of action taken to improve performance

TasPorts has implemented the following actions to improve payment terms of invoices:

- Increased uptake of the asset management system to improve contract management and vendor relationships; and
- Negotiation with vendors to ensure invoices are sent to TasPorts electronically in a timely and complete manner.



## TASPORTS ANNUAL REPORT 2018-19

### CONSULTANCIES

The guidelines provide the following definitions:

#### Contractor

A “Contractor” is an individual or organisation engaged under a contract (other than as an employee) to provide goods and/or services to an entity. A contractor will usually work under the supervision of an entity manager.

#### Consultant

A “Consultant” is a particular type of contractor who is engaged to provide recommendations or specialist or professional advice (or more generally non-manual services) to assist or influence an entity’s decision making.

### CONSULTANCIES VALUED AT MORE THAN \$50,000 (EX GST) TO 30 JUNE 2019 FOR THE ECONOMIC ENTITY

NAME OF CONSULTANT	LOCATION	DESCRIPTION	CAPITAL EXPENDITURE	OPERATIONAL EXPENDITURE
Burbury Consulting Pty Ltd	Tasmania	Engineering Services	\$80,165	-
COVA Thinking Pty Ltd	Tasmania	Project Management	\$71,100	-
Data#3 Limited	Tasmania	IT Services	\$54,317	-
Degree C Pty Ltd	Tasmania	Engineering Services	\$70,000	-
GHD Pty Ltd	Tasmania	Engineering Services	\$69,763	-
Integrity Testing Pty Ltd	Victoria	Engineering Services	\$97,350	-
The Frame Group Pty Ltd	NSW	IT Services	\$388,217	-
Acton Advisory Pty Ltd	Victoria	Advisory Services	-	\$288,007
Corporate Communications (Tas) Pty Ltd	Tasmania	Corporate Affairs Services	-	\$87,253
Escient Pty Ltd	Victoria	Port Master Plans	-	\$67,500
Gyst Consulting Pty Ltd	Queensland	Safety Training	-	\$85,906
KPMG Australia	Victoria	Advisory Services	-	\$153,056
Marine Solutions Tasmania Pty Ltd	Tasmania	Environmental Assessment	-	\$85,670
MAST	Tasmania	Marine Pilot Audits	-	\$96,000
McTye Strategic Partners	Tasmania	Advisory Services	-	\$51,183
North & Trew Pty Ltd	Victoria	Marine Services	-	\$90,091
North Barker Ecosystem Services	Tasmania	Environmental Assessment	-	\$102,100
Page Seager	Tasmania	Legal Services	-	\$62,930
Pitt & Sherry	Tasmania	Engineering Services	-	\$80,342
Project Services & Advisory Group Pty Ltd	Victoria	Engineering Services	-	\$219,293
Russell Reynolds Associates Australia Pty Ltd	NSW	Recruitment Services	-	\$120,703
SMEC Australia Pty Ltd	Tasmania	Advisory Services	-	\$92,000
Tasmanian Consulting Services Pty Ltd	Tasmania	Engineering Services	-	\$263,869
BridgePro Engineering Pty Ltd	Tasmania	Engineering Services	-	\$64,100
<b>TOTAL</b>			<b>\$830,912</b>	<b>\$2,010,002</b>
Consultants - Individually less than \$50,000			\$729,004	\$2,514,290
<b>TOTAL PAYMENT TO CONSULTANTS FOR THE ECONOMIC ENTITY</b>			<b>\$1,559,916</b>	<b>\$4,524,292</b>

# FINANCIAL STATEMENTS

*for the year ended 30 June 2019*

48	DIRECTORS' REPORT
51	AUDITOR'S INDEPENDENCE DECLARATION
52	DIRECTORS' DECLARATION
53	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
54	STATEMENT OF FINANCIAL POSITION
55	STATEMENT OF CHANGES IN EQUITY
56	STATEMENT OF CASH FLOWS
57	NOTES TO THE FINANCIAL STATEMENTS
91	INDEPENDENT AUDITOR'S REPORT



Port of Bell Bay

# DIRECTORS' REPORT

*for the year ended 30 June 2019*

The Directors present their report on the Tasmanian Ports Corporation Pty Ltd (TasPorts) and its controlled entities ("the Economic Entity") for the year ended 30 June 2019.

The names of the Directors in office at any time during or since the end of the year are:

## STEPHEN BRADFORD

Chairperson	Mr Bradford was appointed as Director and Chairman in December 2015. Mr Bradford is a member of the Corporation's Human Resources and Remuneration Committee and Audit and Risk Management Committee.	
Non-Executive Director		
Appointed December 2015		
Current term:		
November 2018 - November 2021		
Board Meetings attended: 10	Human Resources and Remuneration Committee Meetings attended: 5	Audit and Risk Management Committee Meetings attended: 4

## TRACY MATTHEWS

Non-Executive Director	Ms Matthews was appointed a Director in December 2015 and is Chair of the Corporation's Audit and Risk Management Committee.	
Appointed December 2015		
Current term:		
November 2018 - November 2021		
Board Meetings attended: 9	Human Resources and Remuneration Committee Meetings attended: 4	Audit and Risk Management Committee Meetings attended: 4

## DARIO TOMAT

Non-Executive Director	Mr Tomat was appointed a Director in December 2015 and is Chair of the Corporation's Human Resources and Remuneration Committee. Mr Tomat was a member of the Audit and Risk Management Committee from July 2018 to November 2018.	
Appointed December 2015		
Current term:		
November 2017 - November 2020		
Board Meetings attended: 10	Human Resources and Remuneration Committee Meetings attended: 5	Audit and Risk Management Committee Meetings attended: 4

## SALLY DARKE

Non-Executive Director	Ms Darke was appointed a Director in August 2016 and is a member of the Corporation's Human Resources and Remuneration Committee.	
Appointed August 2016		
Current term:		
August 2016 - November 2019		
Board Meetings attended: 10	Human Resources and Remuneration Committee Meetings attended: 5	Audit and Risk Management Committee Meetings attended: 3

## ALLISON CLARK

Non-Executive Director	Ms Clark was appointed a Director in December 2018 and is a member of the Corporation's Audit and Risk Management Committee.	
Appointed December 2018		
Current term:		
December 2018 - November 2021		
Board Meetings attended: 6	Human Resources and Remuneration Committee Meetings attended: 2	Audit and Risk Management Committee Meetings attended: 2

The expiry date of all Director terms in November is the date on which the AGM will be held in the respective year.

Directors regularly attend committee meetings of which they are not formal members.

Ellen Witte acted as an Intern Director between 1 January 2018 and 31 December 2018. Rayne Gillam joined as an Intern Director on 1 January 2019.



In addition to TasPorts, the companies that comprise the Economic Entity are:

## **Bass Island Line Pty Ltd**

100% owned by TasPorts - incorporated in February 2017 to operate the King Island shipping service.

## **Southern Export Terminals Pty Ltd**

50% owned by TasPorts and 50% by Qube Ports - incorporated in December 2016 to operate the forestry export terminal in Hobart.

## **King Island Port Corporation Pty Ltd**

100% owned by TasPorts - non trading.

## **Flinders Island Port Corporation Pty Ltd**

100% owned by TasPorts - non trading.

TasPorts reported a net profit after tax of \$14.2 million in 2019 before impairment losses on loans to controlled entities, compared to a net profit after tax of \$8.9 million in 2018 before impairment losses on loans to controlled entities. The loans were impaired as the entities do not have sufficient assets to repay the full amount of their loans from TasPorts. The loan impairments are eliminated on consolidation in the Economic Entity.

The Economic Entity reported a net profit after tax of \$12.0 million compared to a net profit after tax of \$5.8 million in 2018. This represents an 107% increase in consolidated net profit compared with the previous financial year.

The net profit of the Economic Entity included the net after tax loss of Bass Island Line (BIL) of \$2.1 million compared to the after tax loss of \$3.0 million in 2018. BIL was established in 2017 by TasPorts at the request of the Tasmanian State Government to provide a shipping service between King Island and mainland Tasmania. BIL has experienced trading losses due to significant start-up costs and the transition from a transshipment service, with a chartered vessel, to a new service between Victoria, King Island and mainland Tasmania. BIL is committed to providing a safe and reliable shipping service for the King Island community. Management has a clear strategy to deliver a cost efficient and financially sustainable service. This includes partnering with the private sector to deliver low cost and high productivity services including ship management, logistics, stevedoring and agency services. BIL commenced a 'market sounding' process to gauge private sector interest and capability to participate in the shipping service. The process was unable to identify a viable solution that would independently improve the important service. TasPorts has since committed to retain and enhance BIL into the long-term future.

The continued improvement in TasPorts' overall financial performance, underpinned by freight growth, cost controls and productivity gains, was experienced across all elements of the business including port services, marine services, logistics services, property and the Devonport Airport.

Freight volumes continued to grow with statewide volumes of 15.6 million tonnes compared with 15.2 million tonnes in 2018 representing a 3% growth. This is the highest freight volumes since the global financial crisis in 2008 and the restructuring of the Tasmanian forestry industry.

Freight growth was experienced across all commodities including TEUs, forestry, dry bulk and fuel. TEUs of 536,000 compared with 530,000 in 2018, represented a 1% growth. This volume of TEU's is the highest since TasPorts was formed in 2006. The growth in TEUs was supported by the expansion of shipping services and private sector investment to increase Bass Strait shipping capacity.

TasPorts' management of the Burnie Woodchip Export Terminal as a multi-user facility has been key to improving export access and confidence in the forestry industry. TasPorts has continued its investment in the facility to improve productivity and supply chain efficiency.

Southern Export Terminals (SET) is a joint venture between TasPorts and Qube Ports established in December 2016 to provide a southern Tasmanian export gateway for bulk logs. Volumes have continued to grow. SET recorded a loss for the year of \$0.1 million. The Joint Venture is structured so that its overhead costs are recovered once volumes meet threshold levels. The profitability associated with the operations is earned by the joint venture partners through the provision of port and marine services (TasPorts) and stevedoring services (Qube Ports). The operation of SET has reinforced the need to have a cost effective, industry benchmarked log export facility in the south of the State.

TasPorts continued its significant infrastructure investment including \$17.4 million on remediation and renewal of existing port and marine infrastructure and a further \$18.1 million on new infrastructure. Major investments included the establishment of a centralised port operations centre, as well as dredging and wharf infrastructure at Burnie for the new Toll vessels. Planning has commenced for the redevelopment of the container terminals at East Devonport to accommodate the new TT Line and SeaRoad vessels. A collaborative approach is being adopted with stakeholders to deliver a fit for purpose efficient and cost effective terminal solution.

During the 2019 financial year, TasPorts has continued the roll-out of the Care Factor program - a safety leadership program that focuses on the daily application of skills, taking ownership of our values and how we engage with each other to create a culture of trust and care. The program has been running for two years and has been successful in generating a safety and leadership common language across our diverse locations and functions. Qualitative surveying notes a climate shift currently occurring within how people view safety at TasPorts and resulting in better engagement of employees across all areas of the business.

## TASPORTS ANNUAL REPORT 2018-19

TasPorts successfully achieved recertification to ASNZS4801 and ISO18001 in 2019. We are now working toward mapping our systems to the more contemporary safety management system standard ISO45001. In addition, over the next 12 months, we will be integrating the safety management and environmental management systems and frameworks as well as working towards developing a quality management framework across TasPorts.

TasPorts has embarked upon a significant organisational culture improvement strategy with various initiatives earmarked for delivery over a three year period designed to achieve long term and embedded cultural outcomes. The People and Culture Roadmap commenced in September 2018, with all staff participating in a culture survey which highlighted strengths and opportunities for improvement. The outcomes of the survey have been used to design and deliver leadership development programs and employee experiences, which will contribute to our cultural objectives.

During the year the principal activities of the Economic Entity were owning and operating the following facilities and services:

- Operational port infrastructure, property and services at Burnie, Devonport, Hobart, Bell Bay, Port Latta and King Island (Grassy);
- Other port infrastructure and properties at Strahan, Smithton, Stanley, King Island (Currie) and Flinders Island (Whitemark and Lady Barron);
- Shipping services between mainland Tasmania, King Island and Victoria;
- State-wide towage services;
- State-wide pilotage services;
- Airport facilities and related properties at Devonport Airport;
- Transport and plant hire at Burnie, Devonport, Hobart, Launceston, Bell Bay, Burnie, King Island and Flinders Island;
- Fuel distribution at Hobart, King Island and Flinders Island; and
- Vessel slipping services at Hobart, Strahan, Flinders Island and King Island.

TasPorts is committed to achieving a high standard of environmental performance. The establishment of an integrated environmental and safety management system is ongoing to monitor risk and ensure compliance with statutory requirements. No statutory breaches were notified during the financial year.

The Economic Entity paid insurance premiums for the year of \$45,665 in respect of Directors' and Officers' liability, for current and former Directors. The insurance premiums relate to:

- costs and expenses incurred by relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of

duty or improper use of information or position to gain a personal advantage.

TasPorts has entered into a deed of access, indemnity and insurance with Directors and Officers. Pursuant to the deed TasPorts undertakes to:

- maintain certain documents and to provide Directors and Officers access to those documents;
- indemnify the Directors and Officers for certain liabilities; and
- maintain an insurance policy covering the Directors and Officers.

During or since the end of the financial year the Economic Entity has not indemnified or made a relevant agreement to indemnify an auditor of the company against a liability incurred. In addition, TasPorts has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

No person has applied for leave of Court to bring proceedings on behalf of the Economic Entity or intervene in any proceedings to which the Economic Entity is a party for the purpose of taking responsibility on behalf of the Economic Entity for all or any part of those proceedings. The Economic Entity was not a party to any such proceedings during the year.

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 51.

Signed in accordance with a resolution of the Board of Directors:



**Mr Stephen Bradford**

Non-Executive Director and Chairman  
9 August 2019



**Ms Tracy Matthews**

Non-Executive Director  
9 August 2019

# AUDITOR'S INDEPENDENCE DECLARATION

*for the year ended 30 June 2019*



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000  
Postal Address: GPO Box 851, Hobart, Tasmania, 7001  
Phone: 03 6173 0900 | Fax: 03 6173 0999  
Email: [admin@audit.tas.gov.au](mailto:admin@audit.tas.gov.au)  
Web: [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

9 August 2019

The Board of Directors  
Tasmanian Ports Corporation Pty Ltd  
GPO Box 202  
**HOBART TAS 7000**

Dear Board Members

## **Auditor's Independence Declaration**

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Ports Corporation Pty Ltd for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely

Ric De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**





Port of Devonport

# DIRECTORS' DECLARATION

*for the year ended 30 June 2019*

The Directors declare that:

- (a) The attached financial statements and notes thereto comply with Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Economic Entity;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001 (Cth)*;
- (d) In the Directors' opinion, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable; and
- (e) The Directors have been given declarations as set out in Section 295A of the *Corporations Act 2001 (Cth)* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2019.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors.

**Mr Stephen Bradford**  
Non-Executive Director and Chairman  
9 August 2019

**Ms Tracy Matthews**  
Non-Executive Director  
9 August 2019

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the year ended 30 June 2019*

	NOTE	ECONOMIC ENTITY	
		2019	2018
		\$	\$
<b>REVENUES</b>			
Revenue from customers	A1	120,381,720	114,820,218
Other revenues	A1	8,932,020	8,161,284
<b>TOTAL REVENUES</b>		<b>129,313,740</b>	<b>122,981,502</b>
<b>EXPENSES</b>			
Cost of goods sold		(8,295,381)	(8,279,503)
Employee benefits		(38,553,120)	(38,518,214)
Property costs		(6,516,273)	(6,803,643)
Equipment hire		(1,129,968)	(1,781,422)
Maintenance		(17,389,542)	(15,115,925)
Operational expenditure		(8,140,852)	(10,164,421)
Administration		(8,831,441)	(9,729,610)
Finance		(1,646,568)	(1,796,185)
Depreciation and amortisation	B4	(15,698,486)	(14,829,826)
Impairment of community asset projects	B4	(24,476)	(1,841,416)
Impairment of plant and equipment	B4	-	(318,246)
Credit loss on trade receivables	E5	(2,418)	(3,222)
Other expenses		(5,339,144)	(4,960,683)
<b>TOTAL EXPENSES</b>		<b>(111,567,669)</b>	<b>(114,142,316)</b>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>17,746,071</b>	<b>8,839,186</b>
Income tax (expense)/credit	A2	(5,648,028)	(2,928,223)
Share of profit/(loss) of equity accounted investee, net of tax	D8	(51,287)	(117,342)
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>12,046,756</b>	<b>5,793,621</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be classified to profit or loss</b>			
Income tax benefit on asset revaluation		-	308,379
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>308,379</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>12,046,756</b>	<b>6,102,000</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

*as at 30 June 2019*

	NOTE	ECONOMIC ENTITY	
		2019	2018
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	A3	18,351,291	22,990,257
Trade and other current receivables	B1	12,785,528	11,910,801
Inventories	B2	1,604,247	1,272,449
Other current assets	B1	716,715	605,887
Assets classified as held for sale	B3	239,955	353,565
<b>TOTAL CURRENT ASSETS</b>		<b>33,697,736</b>	<b>37,132,959</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	B4	272,129,527	269,766,608
Goodwill	B5	2,800,516	2,800,516
Deferred tax asset	A2	2,848,572	2,749,727
Other non-current assets	B6	176,448	27,734
<b>TOTAL NON-CURRENT ASSETS</b>		<b>277,955,063</b>	<b>275,344,585</b>
<b>TOTAL ASSETS</b>		<b>311,652,799</b>	<b>312,477,544</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	B7	13,265,582	9,288,541
Current tax liability	A2	2,910,845	3,099,101
Short-term borrowings	D1	5,124,418	7,500,000
Short-term employee benefits	C1	5,349,150	5,467,345
Short-term provisions	B8	31,734	31,734
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,681,729</b>	<b>25,386,721</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	D1	14,709,245	19,833,663
Deferred tax liability	A2	19,275,401	22,544,513
Long-term employee benefits	C1	929,959	912,397
Long-term provisions	B8	63,471	95,207
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,978,076</b>	<b>43,385,780</b>
<b>TOTAL LIABILITIES</b>		<b>61,659,805</b>	<b>68,772,501</b>
<b>NET ASSETS</b>		<b>249,992,994</b>	<b>243,705,043</b>
<b>EQUITY</b>			
Issued capital	D2	135,427,387	135,427,387
Reserves	D2	130,684,719	130,684,719
Retained earnings/(accumulated losses)		(16,119,112)	(22,407,063)
<b>TOTAL EQUITY</b>		<b>249,992,994</b>	<b>243,705,043</b>

The accompanying notes form part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

*for the year ended 30 June 2019*

## ISSUED CAPITAL

	NOTE	ORDINARY SHARES	EQUITY	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	RESERVES	TOTAL
		\$	\$	\$	\$	\$
<b>ECONOMIC ENTITY</b>						
<b>Balance at 1 July 2017</b>		<b>2</b>	<b>135,427,385</b>	<b>(25,587,181)</b>	<b>130,577,968</b>	<b>240,418,174</b>
Profit/(loss) attributable to members		-	-	5,793,621	-	5,793,621
Total other comprehensive income/(loss) for the year		-	-	-	308,379	308,379
Dividends paid		-	-	(2,815,131)	-	(2,815,131)
Disposal of revalued assets transferred from reserves to retained earnings/(accumulated losses)		-	-	201,628	(201,628)	-
<b>BALANCE AT 30 JUNE 2018</b>		<b>2</b>	<b>135,427,385</b>	<b>(22,407,063)</b>	<b>130,684,719</b>	<b>243,705,043</b>
Initial application of AASB 15, net of tax	E5	-	-	(544,546)	-	(544,546)
Balance at 1 July 2018		2	135,427,385	(22,951,609)	130,684,719	243,160,497
Profit/(loss) attributable to members		-	-	12,046,756	-	12,046,756
Dividends paid		-	-	(5,214,259)	-	(5,214,259)
<b>BALANCE AT 30 JUNE 2019</b>	<b>D2</b>	<b>2</b>	<b>135,427,385</b>	<b>(16,119,112)</b>	<b>130,684,719</b>	<b>249,992,994</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

*for the year ended 30 June 2019*

	NOTE	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		135,962,643	127,547,034
Cash paid to suppliers and employees		(98,350,950)	(101,201,885)
Interest received		341,066	236,046
Income tax paid		(10,111,366)	(5,647,994)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>A3</b>	<b>27,841,393</b>	<b>20,933,201</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(18,122,049)	(33,281,513)
Proceeds from sale of property, plant and equipment		202,516	647,241
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(17,919,533)</b>	<b>(32,634,272)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Investment in equity accounted investee		(200,000)	-
Loan repayment		(7,500,000)	-
Finance costs		(1,646,567)	(1,796,185)
Dividends paid		(5,214,259)	(2,815,131)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(14,560,826)</b>	<b>(4,611,316)</b>
Net decrease in cash held		(4,638,966)	(16,312,387)
Cash at beginning of financial year		22,990,257	39,302,644
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>A3</b>	<b>18,351,291</b>	<b>22,990,257</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 30 June 2019*

## INFORMATION ABOUT THIS REPORT

Basis of preparation  
Principles of consolidation  
Comparative figures  
Critical accounting estimates and judgements  
Goods and services tax (GST)

## A FINANCIAL PERFORMANCE

A1 Revenues  
A2 Taxation  
A3 Cash flows

## B ASSETS AND LIABILITIES

B1 Trade and other current receivables  
B2 Inventories  
B3 Assets classified as held for sale  
B4 Property, plant and equipment  
B5 Goodwill  
B6 Other non-current assets  
B7 Trade and other payables  
B8 Provisions

## C PEOPLE

C1 Employee benefits  
C2 Related party transactions - Director and key management personnel (KMP)

## D FINANCING, CAPITAL STRUCTURE AND RELATED PARTY TRANSACTIONS

D1 Borrowings  
D2 Issued capital and reserves  
D3 Ultimate owner  
D4 Controlled entities  
D5 Related party transactions - subsidiaries and joint venture  
D6 Parent Entity information - Tasmanian Ports Corporation Pty Ltd  
D7 Subsidiary information - Bass Island Line Pty Ltd  
D8 Interest in equity accounted investees - Southern Export Terminals Pty Ltd  
D9 Financial instruments

## E ADDITIONAL INFORMATION

E1 Capital and leasing commitments  
E2 Auditors' remuneration  
E3 Contingent liabilities  
E4 Subsequent events  
E5 Other accounting policies  
E6 Company details



## INFORMATION ABOUT THIS REPORT

### (a) Basis of preparation

The financial statements were authorised for issue by the Directors on 9 August 2019.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASB's) and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements comprise the consolidated financial statements of the Economic Entity. Financial information for the parent entity is reported in note D6.

Financial information for the subsidiary is reported in note D7. Financial information for the Joint Venture is reported in note D8. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Economic Entity comply with International Financial Reporting Standards ('IFRS').

The material accounting policies adopted have been stated throughout the notes to the financial statements. The accounting policies have been consistently applied, unless otherwise stated. The financial statements are presented in Australian dollars.

The financial statements have been prepared on an accruals basis. Infrastructure assets have been measured at fair value. All other assets and liabilities have been measured at historical cost.

### (b) Principles of consolidation

A controlled entity is any entity over which TasPorts has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained within note D4. All controlled entities have a 30 June year-end.

All inter-company balances and transactions with subsidiary companies in the Economic Entity have been eliminated on consolidation. The accounting policies of controlled entities are consistent with those policies applied by TasPorts.

TasPorts' interest in equity accounted investees comprise an interest in a Joint Venture. A Joint Venture is an arrangement in which TasPorts has joint control, whereby TasPorts has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The interest in the Joint Venture is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include TasPorts' share of the profit or loss and other comprehensive income of the equity accounted investee.

### (c) Comparative figures

The previous period's figures are provided in the financial statements for comparative purposes. Where there has been reclassification of items in the financial statements, the prior year comparatives have also been reclassified to ensure comparability with the current reporting period.

### (d) Critical accounting estimates and judgements

To conform with AASB's management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note B4.

### (e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

# TASPORTS ANNUAL REPORT 2018-19

## A FINANCIAL PERFORMANCE

### A1 REVENUES

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Sale of goods	10,130,186	9,735,452
Seaport	86,566,228	80,767,008
Airport	4,241,610	4,034,129
Logistics services	12,320,484	12,508,099
Freight revenue	7,123,212	7,775,530
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>120,381,720</b>	<b>114,820,218</b>
<b>OTHER REVENUES</b>		
Net gain/(loss) on disposal of property, plant and equipment	(54,747)	122,439
Interest revenue	341,066	537,117
Rent and operating leases	8,645,701	7,501,728
Total other revenues	8,932,020	8,161,284
<b>TOTAL REVENUES</b>	<b>129,313,740</b>	<b>122,981,502</b>

#### Recognition and measurement

The effect of initially applying AASB 15 on the Economic Entity's revenue from contracts with customers is described in Note E5. Due to the transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Revenues from contracts with customers is recognised when a customer obtains control of the goods or services and/or services are provided.

Rental revenue is recognised on a straight line basis over the term of the lease.

Revenue from operating leases, where substantially all the risks and benefits remain with the lessor, are credited as income in the periods in which they are earned.

Interest revenue is recognised as earned.

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration agreed with a customer. The Economic Entity recognises revenue when it transfers control over a good or service to a customer and/or services are complete.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies for material revenue streams.

TYPE OF PRODUCT/SERVICE	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION UNDER AASB 15 (APPLICABLE FROM 1 JULY 2018)	REVENUE RECOGNITION UNDER AASB 18 (APPLICABLE BEFORE 1 JULY 2018)
Sale of goods - Fuel sales	The sale of fuel is a multi-user service provided by the Economic Entity. The services provided to customers include the decanting of fuel into the customers' storage tank and the delivery of fuel to the customer. Invoices are generally issued on the date of delivery, with payment terms of 14 days. Once the fuel has been decanted into the customers' storage tank the customer acquires ownership of the fuel. The performance obligation is complete when the fuel is delivered to the customer.	All revenue is recognised the day the fuel has been delivered to the customer.	All revenue was recognised the day the fuel was delivered to the customer.

# TASPORTS ANNUAL REPORT 2018-19

## A1 REVENUES (CONTINUED)

TYPE OF PRODUCT/ SERVICE	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION UNDER AASB 15 (APPLICABLE FROM 1 JULY 2018)	REVENUE RECOGNITION UNDER AASB 18 (APPLICABLE BEFORE 1 JULY 2018)
Seaport	Seaport revenue is predominantly made up of revenue from berthing, pilotage and towage services. These are multi-user services provided by the Economic Entity. The services provided include, but are not limited to: assisting safe navigation within port zones; provision of a berth or anchorage for layup; loading/unloading of goods; emergency response services; environmental protection services; port security and towage services. Customers are invoiced per trip after the vessels departure date for all services performed. Payment terms are usually 14 days. There are three performance obligations being berthing, pilotage and the towage service. The performance obligations occur during the time a vessel is within port limits and is completed once the vessel departs port limits.	The revenue associated with seaport services is recognised when the vessel departs port limits, as it is when all services have been performed.	The revenue associated with the seaport services was recognised when the vessel departed port limits, as it was when all services were performed.
Airport	The Devonport Airport is a multi-user airport managed by the Economic Entity. The main services provided to customers include access to the airport infrastructure, aircraft landing/departures, security screening and aircraft parking. The performance obligation is to provide aircraft runway and terminal facilities, which occurs during the time an aircraft is within the airport infrastructure area and is completed once the aircraft departs. Payment terms are usually 14 days.	Revenue associated with the Devonport Airport is recognised in the month of aircraft landings and departures.	Revenue associated with the Devonport Airport was recognised in the month of aircraft landings and departures.
Logistics services	The Economic Entity provides logistics services that are delivered in stages, that represent different performance obligations. In the absence of stand-alone selling prices, the contract price per unit of measure is allocated across performance obligations based on estimated cost of service provided. Revenue is recognised either over time (using the input method, which is the most appropriate measure of the progress towards complete satisfaction of the obligations associated with services provided over a period of time) and at a point in time when the performance obligation associated with specific services has been completed. When revenue is received in advance of providing logistics services, the revenue attributable to those services not yet delivered is recognised as revenue in advance. Customers are billed at the end of each month with payment due within 14 days or as specified in contractual conditions.	Revenue associated with logistics services is recognised over time using the input method, which is the most appropriate measure of the progress towards complete satisfaction of this performance obligation.	Revenue associated with logistics services was recognised based on services to be completed during the month multiplied by the contracted price.
Freight revenue - Bass Island Line Pty Ltd	The service provided to customers is the transfer of freight between King Island, mainland Tasmania and Victoria. Customers are billed after the voyage is complete and payment terms usually of 14 days. The performance obligation is to carry freight from port to port. The performance obligation is met once the trip is complete.	Freight revenue is recognised on the day of trip completion.	Freight revenue was recognised on the day of trip completion.



# TASPORTS ANNUAL REPORT 2018-19

## A2 TAXATION

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>(A) INCOME TAX EXPENSE</b>		
<b>Reconciliation of income tax expense/(benefit)</b>		
Current income tax relating to prior years	535,243	(35,903)
Current income tax expense	8,480,742	5,980,096
Decrease/(increase) in deferred tax asset	(98,845)	(106,879)
Decrease/(increase) in deferred tax liability	(3,269,112)	(2,909,091)
<b>INCOME TAX EXPENSE</b>	<b>5,648,028</b>	<b>2,928,223</b>
<b>Recognised in the Statement of Profit or Loss and Other Comprehensive Income</b>		
<b>Current tax expense</b>		
Current period	8,480,742	5,980,096
Adjustments for prior periods	(9,212)	(539,571)
	<b>8,471,530</b>	<b>5,440,525</b>
<b>Deferred tax expense</b>		
Decrease/(increase) in deferred tax asset	(98,845)	(106,879)
Increase/(decrease) in deferred tax liability	(3,269,112)	(2,909,091)
Adjustments for prior periods	544,455	503,668
<b>INCOME TAX EXPENSE IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>(2,823,502)</b>	<b>(2,512,302)</b>
<b>Attributable to:</b>		
<b>CONTINUING OPERATIONS</b>	<b>5,648,028</b>	<b>2,928,223</b>
<b>Numerical reconciliation between tax expense and pre-tax accounting profit</b>		
Profit/(loss) before income tax	17,746,071	8,839,186
<b>Income tax using the tax rate of 30%</b>	<b>5,323,821</b>	<b>2,651,756</b>
Add/(deduct) tax effect of differences		
Permanent depreciation and disposal of non-temporary assets	307,949	335,445
Tax depreciation	(32,634)	(33,710)
Tax loss on assets disposed	39,876	-
Non-deductible expenses	8,114	10,635
Prior period over/(under) provision	902	(35,903)
<b>INCOME TAX EXPENSE</b>	<b>5,648,028</b>	<b>2,928,223</b>
<b>Recognition and measurement</b>		
The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-deductible items. It is calculated using tax rates that have been enacted at the reporting date.		
<b>(B) CURRENT TAX LIABILITY</b>		
Opening balance	3,099,101	3,306,569
Tax paid in respect of prior years	(3,400,978)	(3,573,012)
Tax paid in respect of current year	(5,569,885)	(2,074,982)
Over/(under) provision of tax in prior years	301,866	(539,571)
Current year tax provision	8,480,741	5,980,097
<b>CLOSING BALANCE</b>	<b>2,910,845</b>	<b>3,099,101</b>

# TASPORTS ANNUAL REPORT 2018-19

## A2 TAXATION (CONTINUED)

### (C) DEFERRED TAX ASSET AND LIABILITY

#### ECONOMIC ENTITY

	BALANCE 30 JUNE 2017	PRIOR YEAR (UNDER)/ OVER PROVISION	RECOGNISED IN INCOME STATEMENT	RECOGNISED IN EQUITY
	\$	\$	\$	\$
<b>DEFERRED TAX ASSET</b>				
Tax losses	480,669	(453,055)	-	-
Property plant and equipment	12,522	-	273,001	-
Employee provisions	1,740,675	-	-	-
Accounting costs capitalised for tax	262,094	-	-	-
Prepaid revenue	522,692	-	(9,278)	-
Provisions	21,131	-	67,859	-
Payables	(72,630)	-	(5,364)	-
Deferred income	(48,521)	-	-	-
Other	(32,939)	(62,793)	53,664	-
	<b>2,885,693</b>	<b>(515,848)</b>	<b>379,882</b>	<b>-</b>

	BALANCE 30 JUNE 2017	PRIOR YEAR (UNDER)/ OVER PROVISION	RECOGNISED IN INCOME STATEMENT	RECOGNISED IN EQUITY
	\$	\$	\$	\$
<b>DEFERRED TAX LIABILITY</b>				
Property, plant and equipment	27,644,908	(674,320)	(1,113,819)	(219,864)
Prepayments/receivables	59,876	-	26,069	-
Payables	9,260	-	(413,340)	-
Other	(2,212,884)	353,706	(1,134,943)	219,864
	<b>25,501,160</b>	<b>(320,614)</b>	<b>(2,636,033)</b>	<b>-</b>

#### Recognition and measurement

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the Economic Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### Tax consolidation

The parent entity and its wholly owned Australian resident subsidiaries formed a tax consolidated group in the 2018 financial year, with effect from 1 July 2016 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is TasPorts.

# TASPORTS ANNUAL REPORT 2018-19

BALANCE 30 JUNE 2018	PRIOR YEAR (UNDER)/ OVER PROVISION	RECOGNISED IN INCOME STATEMENT	BALANCE 30 JUNE 2019
\$	\$	\$	\$
27,614	-	-	27,614
285,523	19,571	(177,674)	127,420
1,740,675	-	-	1,740,675
262,094	-	-	262,094
513,414	233,377	(28,300)	718,491
88,990	-	(66,888)	22,102
(77,994)	79,222	5,978	7,206
(48,521)	-	-	(48,521)
(42,068)	(108,932)	142,491	(8,509)
<b>2,749,727</b>	<b>223,238</b>	<b>(124,393)</b>	<b>2,848,572</b>

BALANCE 30 JUNE 2018	PRIOR YEAR (UNDER)/ OVER PROVISION	RECOGNISED IN INCOME STATEMENT	BALANCE 30 JUNE 2019
\$	\$	\$	\$
25,636,905	(202,170)	(3,853,937)	21,580,798
85,945	-	7,566	93,511
(404,080)	-	(368,690)	(772,770)
(2,774,257)	(108,932)	1,257,051	(1,626,138)
<b>22,544,513</b>	<b>(311,102)</b>	<b>(2,958,010)</b>	<b>19,275,401</b>

# TASPORTS ANNUAL REPORT 2018-19

## A3 CASH FLOWS

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX</b>		
Profit/(loss) after income tax	12,046,756	5,793,621
<b>Adjustments for:</b>		
Depreciation and amortisation	15,698,486	14,829,826
Impairment of community asset projects	24,476	1,841,416
Impairment of plant and equipment	-	318,246
Reduction in retained earnings due to implementation of new accounting standard	(544,546)	-
Investment in equity accounted investee	200,000	-
Finance costs	1,646,568	1,796,185
Share of (profit)/loss from equity accounted investee, net of tax	51,287	117,342
Net (gain)/loss on disposal of property, plant and equipment	54,747	(122,439)
(Increase)/decrease in trade and other receivables	(935,560)	(2,070,381)
(Increase)/decrease in other current assets	(503,124)	2,356,717
(Increase)/decrease in inventories	(331,798)	(459,278)
(Increase)/decrease in interest receivable	179	20,469
Increase/(decrease) in other non-current liabilities	7,025	1
Increase/(decrease) in income taxes payable	(1,095,383)	(2,206,640)
Increase/(decrease) in employee benefits	(100,633)	(6,300)
Increase/(decrease) in trade and other payables	4,084,645	1,045,485
Increase/(decrease) in deferred taxes payable	(3,525,164)	(2,321,069)
Increase/(decrease) in intercompany tax loans	1,063,432	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>27,841,393</b>	<b>20,933,201</b>
<b>(B) CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash at bank and on hand	18,351,291	22,990,257
	<b>18,351,291</b>	<b>22,990,257</b>
The effective average interest rate on cash and cash equivalents for the year was 1.7% (2018: 1.6%).		
<b>Recognition and measurement</b>		
Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.		
<b>Reconciliation of movements in liabilities to cash flows arising from financing activities:</b>		
<b>Borrowings</b>		
Opening balance	27,333,663	27,333,663
<b>Changes from financing activities</b>		
Loan repayments	(7,500,000)	-
<b>CLOSING BALANCE</b>	<b>19,833,663</b>	<b>27,333,663</b>



# TASPORTS ANNUAL REPORT 2018-19

## B ASSETS AND LIABILITIES

### B1 TRADE AND OTHER CURRENT RECEIVABLES

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>TRADE AND OTHER CURRENT RECEIVABLES</b>		
<b>Current</b>		
Trade and other receivables	12,787,578	11,914,023
Less: Impairment of receivables	(2,050)	(3,222)
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>12,785,528</b>	<b>11,910,801</b>
<b>Other current assets</b>		
Accrued revenue	121,026	121,711
Prepayments	595,689	484,176
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>716,715</b>	<b>605,887</b>

#### Recognition and measurement

Receivables and other assets are stated at cost less impairment.

### B2 INVENTORIES

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Current</b>		
<b>INVENTORIES AT COST</b>	<b>1,604,247</b>	<b>1,272,449</b>

#### Recognition and measurement

Inventories (fuel for resale and consumables) are measured at the lower of cost or net realisable value. Costs are assigned on the first-in first-out principle.

### B3 ASSETS CLASSIFIED AS HELD FOR SALE

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Assets classified as held for sale</b>	<b>239,955</b>	<b>353,565</b>

Assets held for sale are two items of floating plant.

# TASPORTS ANNUAL REPORT 2018-19

## B4 PROPERTY, PLANT AND EQUIPMENT

### ECONOMIC ENTITY

	LAND	BUILDINGS	LAND & BUILDINGS	LAND INFRASTRUCTURE
	2019	2019	2019	2019
	\$	\$	\$	\$
At cost	-	-	-	-
At fair value	30,368,789	33,353,062	63,721,851	21,990,484
Accumulated depreciation	-	(4,514,786)	(4,514,786)	(2,805,400)
Accumulated impairment losses	-	-	-	(181,051)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2019</b>	<b>30,368,789</b>	<b>28,838,276</b>	<b>59,207,065</b>	<b>19,004,033</b>
	2018	2018	2018	2018
	\$	\$	\$	\$
At cost	-	-	-	-
At fair value	29,848,789	31,579,043	61,427,832	21,871,999
Accumulated depreciation	-	(2,272,521)	(2,272,521)	(1,395,061)
Accumulated impairment losses	-	-	-	(181,051)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2018</b>	<b>29,848,789</b>	<b>29,306,522</b>	<b>59,155,311</b>	<b>20,295,887</b>

### MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

### FAIR VALUE

	LAND	LAND	BUILDINGS	BUILDINGS
	\$	\$	\$	\$
	LEVEL 2	LEVEL 3	LEVEL 2	LEVEL 3
<b>Opening balance 1 July 2017</b>	19,632,889	10,215,900	1,884,518	29,566,837
Additions	-	-	-	116,171
Disposals	(271,489)	-	-	-
Transfers between classes of assets	-	-	-	-
WIP capitalised	-	-	-	3,130
WIP expensed	-	-	-	8,387
Depreciation expense	-	-	-	(2,272,521)
Impairment of community asset projects	-	-	-	-
Impairment of plant and equipment	-	-	-	-
Transfer (to)/from assets held for sale	271,489	-	-	-
<b>BALANCE AT 30 JUNE 2018</b>	<b>19,632,889</b>	<b>10,215,900</b>	<b>1,884,518</b>	<b>27,422,004</b>
<b>Opening balance 1 July 2018</b>	19,632,889	10,215,900	1,884,518	27,422,004
Additions	520,000	-	-	(1,824,544)
Disposals	-	-	-	-
WIP capitalised	-	-	-	3,596,363
WIP expensed	-	-	-	-
Depreciation expense	-	-	-	(2,240,065)
Impairment of community asset projects	-	-	-	-
Transfer (to)/from assets held for sale	-	-	-	-
<b>BALANCE AT 30 JUNE 2019</b>	<b>20,152,889</b>	<b>10,215,900</b>	<b>1,884,518</b>	<b>26,953,758</b>

# TASPORTS ANNUAL REPORT 2018-19

HARBOUR IMPROVEMENTS	WHARVES	FLOATING PLANT	PLANT AND EQUIPMENT	CAPITAL DREDGING	WIP	TOTAL
2019	2019	2019	2019	2019	2019	2019
\$	\$	\$	\$	\$	\$	\$
-	-	54,536,383	55,322,436	17,637,099	13,452,953	140,948,871
30,216,588	95,819,967	-	-	-	-	211,748,890
(2,766,932)	(9,588,193)	(13,903,794)	(33,218,797)	(7,132,564)	-	(73,930,466)
-	(4,387,983)	(830,038)	(1,238,696)	-	-	(6,637,768)
<b>27,449,656</b>	<b>81,843,791</b>	<b>39,802,551</b>	<b>20,864,943</b>	<b>10,504,535</b>	<b>13,452,953</b>	<b>272,129,527</b>

2018	2018	2018	2018	2018	2018	2018
\$	\$	\$	\$	\$	\$	\$
-	-	52,109,426	53,180,148	17,637,099	6,270,883	129,197,556
30,216,588	89,112,418	-	-	-	-	202,628,837
(1,383,466)	(4,873,267)	(11,202,082)	(31,715,821)	(6,967,782)	-	(59,810,000)
-	-	(830,038)	(1,238,696)	-	-	(2,249,785)
<b>28,833,122</b>	<b>84,239,151</b>	<b>40,077,306</b>	<b>20,225,631</b>	<b>10,669,317</b>	<b>6,270,883</b>	<b>269,766,608</b>

			COST				
LAND INFRASTRUCTURE	HARBOUR IMPROVEMENTS	WHARVES	FLOATING PLANT	PLANT AND EQUIPMENT	CAPITAL DREDGING	WIP	TOTAL
\$	\$	\$	\$	\$	\$	\$	\$
LEVEL 3	LEVEL 3	LEVEL 3					
20,062,344	30,216,587	87,370,349	18,113,266	19,733,530	10,834,098	6,785,973	254,416,291
383,929	-	-	11,121,907	2,943,052	-	18,336,393	32,901,452
-	-	-	-	(226,816)	-	-	(498,305)
-	-	-	(10,994)	10,994	-	-	-
1,425,724	-	1,742,069	13,591,327	1,073,428	-	(17,835,678)	-
-	-	-	47,133	32,797	-	(88,317)	-
(1,395,060)	(1,383,465)	(4,873,267)	(2,113,522)	(2,627,210)	(164,781)	-	(14,829,826)
(181,050)	-	-	-	(732,878)	-	(927,488)	(1,841,416)
-	-	-	(318,246)	-	-	-	(318,246)
-	-	-	(353,565)	18,734	-	-	(63,342)
<b>20,295,887</b>	<b>28,833,122</b>	<b>84,239,151</b>	<b>40,077,306</b>	<b>20,225,631</b>	<b>10,669,317</b>	<b>6,270,883</b>	<b>269,766,608</b>
20,295,887	28,833,122	84,239,151	40,077,306	20,225,631	10,669,317	6,270,883	269,766,608
99,347	-	4,387,982	1,187,264	3,647,785	-	10,226,477	18,244,311
-	-	-	(30,688)	(260,086)	-	-	(290,774)
19,138	-	2,319,567	1,437,170	28,085	-	(7,400,323)	-
-	-	-	2,925	4,666	-	(7,591)	-
(1,410,339)	(1,383,466)	(4,714,926)	(2,985,036)	(2,799,872)	(164,782)	-	(15,698,486)
-	-	(4,387,983)	-	-	-	4,363,507	(24,476)
-	-	-	113,610	18,734	-	-	132,344
<b>19,004,033</b>	<b>27,449,656</b>	<b>81,843,791</b>	<b>39,802,551</b>	<b>20,864,943</b>	<b>10,504,535</b>	<b>13,452,953</b>	<b>272,129,527</b>

# TASPORTS ANNUAL REPORT 2018-19

## B4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECOGNITION AND MEASUREMENT

#### Revaluations of infrastructure assets

The Economic Entity conducted a fair value assessment of infrastructure assets as at 30 June 2017.

Infrastructure assets refer to land, land infrastructure, buildings, wharves and harbour improvements and are all stated at fair value. Infrastructure assets included in the revaluations are reported at fair value less accumulated depreciation and any impairment. The fair value of infrastructure assets purchased subsequent to the revaluation date is at cost less accumulated depreciation and any impairment.

If an asset's carrying amount decreased as a result of a revaluation the decrease is recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense except to the extent that it reverses a revaluation increase for the same asset previously recognised in the asset revaluation reserve, in which case the decrease is recognised in the asset revaluation reserve to the extent of the increase previously recognised.

If an asset's carrying amount increased as a result of a revaluation, the increase is disclosed in the Statement of Profit or Loss and Other Comprehensive Income under 'other comprehensive income' and credited directly to the asset revaluation reserve in equity under the heading of reserves, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously recognised. In this exception the resultant carrying amount of the asset will not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no revaluation decrease had previously been recognised.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the asset and the net amounts are restated to the revalued amounts of the asset.

Floating plant, plant and equipment and capital dredging, are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Work in progress is stated at cost.

#### Derecognition

On the sale or retirement of a revalued infrastructure asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings/(accumulated losses). The difference between the sale value and the carrying value of the asset is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### Assessing for impairment

The Economic Entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

#### Impairment losses

The total property, plant and equipment impairment loss recognised for the year amounted to \$24,476 (2018: \$2,159,662).

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
Impairment of community asset projects	24,476	1,841,416
Impairment of plant and equipment	-	318,246
<b>TOTAL IMPAIRMENT OF PROPERTY PLANT &amp; EQUIPMENT</b>	<b>24,476</b>	<b>2,159,662</b>

#### Recognition and measurement

Projects completed or in progress as part of the community asset remediation program that are of a capital nature are capitalised and impaired as costs are incurred. Impairment occurs due to TasPorts generating minimal or no return on these assets.

Impairment of plant and equipment is a marine vessel, which is held for sale.

#### Asset componentisation

The components of major assets that have materially different useful lives are accounted for as separate assets and are depreciated separately.



## B4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Valuation

A valuation of the infrastructure assets of the Economic Entity is periodically undertaken for financial reporting purposes in accordance with Australian Accounting Standards. The effective date of the most recent valuation was 30 June 2017.

Infrastructure assets include land, buildings, land infrastructure, harbour improvements and wharves. The fair value assessment is based upon the following:

- independent assessment of market value where a market value is readily identifiable;
- independent assessment of depreciated replacement cost; or
- where the asset's net cash flows do not support either the market value or the depreciated replacement cost then the asset is valued using the discounted cash flow method (income valuation methodology/value in use).

### Fair value hierarchy

The Economic Entity is required to classify infrastructure assets into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Economic Entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs that are unobservable for particular assets or liabilities.

The Economic Entity has classified infrastructure assets as follows:

- Level 1 - no infrastructure assets are classified at level 1;
- Level 2 - land and buildings outside port precinct boundaries; and
- Level 3 - land, buildings, land infrastructure, harbour improvements and wharves within port precinct boundaries.

## VALUATION TECHNIQUES AND INPUTS

### Level 2 - valuation techniques and inputs

Valuation Technique: An independent valuer was used to value land and buildings outside port precinct boundaries using a market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered.

### Level 3 - valuation techniques and inputs

Valuation Techniques:

Land (within port precinct boundaries)

- where there is no active market or land is subject to significant restrictions as to use and/or sale, is valued through the market approach although less market evidence is available; and
- the land was valued by an independent valuer.

Land infrastructure, buildings, wharves and harbour improvements are considered specialised assets and valued using the depreciated replacement cost method. Where the asset's net future cash flows do not support either the market value or the depreciated replacement cost then the asset is valued using the discounted cash flow method (value in use/income valuation methodology).

Inputs:

- in determining the market value of land and buildings, restrictions on sale or use;
- in determining depreciated replacement cost of buildings, land infrastructure, harbour improvements and wharves regard was given to the age and condition of the assets, their estimated replacement cost and current use; and
- in determining the value in use of buildings, land infrastructure, harbour improvements and wharves, the estimated net future operating cash flows are discounted to their present value. Cash flow inputs are summarised on the following page.

# TASPORTS ANNUAL REPORT 2018-19

## B4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

UNOBSERVABLE INPUT	INPUT USED	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Discount rate	An independent assessment of the nominal pre-tax weighted average cost of capital (discount rate) of 13.4% per annum. The risk free rate at this time was a 10 year average of the 10 year Australian Commonwealth bond rate of 2.61%.	The higher the discount rate, the lower the fair value.
Terminal value	Twenty year discount period with a terminal value equal to the (recurring cash flow in year 20 divided by the discount rate less the expected growth rate) discounted to the present value by the year 20 discount factor.	The lower the discount period, the lower the fair value.
Expected growth rate and cost increases	Based on current and forecast budgets and the corporate plan. All other revenue growth and cost increases over the discounting period are forecast at an average of 2.0% per annum.	The higher the revenue growth rate, the higher the fair value. The higher the average cost increase, the lower the fair value.
Renewal capital expenditure	Based on current and forecast budgets and the corporate plan over the discounting period.	The higher the renewable capital spend, the lower the fair value.

## LEVEL 3 SIGNIFICANT VALUATION INPUTS AND RELATIONSHIP TO FAIR VALUE

ECONOMIC ENTITY				
DESCRIPTION	FAIR VALUE		SIGNIFICANT UNOBSERVABLE INPUTS USED IN VALUATION	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	\$ AT 30 JUNE 2019	VALUATION TECHNIQUE(S)		
Land <ul style="list-style-type: none"> <li>within port precinct boundaries where there is not an active market</li> <li>subject to restriction as to use and/or sale</li> </ul>	10,215,900	Market approach	Market valuation reflects specialised land	Value of specialised land increases/decreases fair value
Buildings <ul style="list-style-type: none"> <li>within port precinct boundaries where there is not an active market</li> <li>subject to restriction as to use and/or sale specialised buildings with limited alternative uses and/or substantial customisation e.g. airport terminal</li> </ul>	26,953,758	Depreciated Replacement Cost (DRC)  Income valuation	Consumed economic benefit/obsolescence of asset  Construction cost per square metre floor area (m2)  Estimates of cash flows and discount rate	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation  For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Land Infrastructure <ul style="list-style-type: none"> <li>roads, port hardstands and airport runway and apron</li> </ul>	19,004,033	Depreciated Replacement Cost (DRC)  Income valuation	Consumed economic benefit/obsolescence of asset  Construction cost per square metre floor area (m2)  Estimates of cash flows and discount rate	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation  For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Harbour Improvements <ul style="list-style-type: none"> <li>breakwaters and channels</li> </ul>	27,449,656	Depreciated Replacement Cost (DRC)  Income valuation	Consumed economic benefit/obsolescence of asset  Construction cost  Estimates of cash flows and discount rate	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation  For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Wharves	81,843,791	Depreciated Replacement Cost (DRC)  Income valuation	Consumed economic benefit/obsolescence of asset  Construction cost  Estimates of cash flows and discount rate	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation  For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
<b>TOTAL LEVEL 3 INFRASTRUCTURE ASSETS</b>	<b>165,467,138</b>			

# TASPORTS ANNUAL REPORT 2018-19

## B4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Depreciation and amortisation of non-current assets expense</b>		
Buildings	2,240,065	2,272,521
Land infrastructure	1,410,339	1,395,060
Harbour improvements	1,383,466	1,383,465
Wharves	4,714,926	4,873,267
Floating plant	2,985,036	2,113,522
Capital dredging	164,782	164,781
Plant and equipment	2,799,872	2,627,210
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>15,698,486</b>	<b>14,829,826</b>

### Recognition and measurement

All assets are depreciated on a straight line basis over their useful lives commencing from the date the asset has been revalued or the date the asset is held ready for use. Where an item of property, plant and equipment comprises individual components for which different useful lives are appropriate, then each component is depreciated separately.

The useful life used for each class of depreciable assets is:

Infrastructure assets (fair value)	Useful life
Buildings	10 to 60 years
Land infrastructure (including roads, port hardstands and airport runways)	10 to 100 years
Harbour improvements	20 to 75 years
Wharves	5 to 80 years
Other fixed assets (cost)	
Floating plant	5 to 35 years
Plant and equipment	2 to 69 years
Capital dredging (channels, swing basins and berth pockets)	12 to 99 years

## B5 GOODWILL

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>NET CARRYING AMOUNT</b>	<b>2,800,516</b>	<b>2,800,516</b>

### Recognition and measurement

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to the towage cash-generating unit and is not amortised but tested annually for impairment. This cost is based upon an assessment of the value in use of goodwill compared to its carrying value.

Value in use is the present value of the projected cash flows of the cash generating unit over a 20-year period using an estimated growth rate. The cash flows are based on a pre-tax discount rate equal to the weighted average cost of capital plus a margin for business risk. The key assumptions regarding the value in use calculations were budgeted growth in revenues, budgeted gross profit margins and the discount rate.

## B6 OTHER NON-CURRENT ASSETS

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
Loan - Southern Export Terminals Pty Ltd	199,999	199,999
Investment - Southern Export Terminals Pty Ltd	200,001	1
Less: Provision for joint venture loss	(223,552)	(172,266)
	<b>176,448</b>	<b>27,734</b>

The loan to Southern Export Terminals Pty Ltd is unsecured and interest free.

## TASPORTS ANNUAL REPORT 2018-19

### B7 TRADE AND OTHER PAYABLES

ECONOMIC ENTITY		
	2019	2018
	\$	\$
<b>Current</b>		
Trade payables	1,880,764	177,670
Other payables	8,871,443	7,042,000
	<b>10,752,207</b>	<b>7,219,670</b>
Net GST Payable	184,140	509,149
	<b>10,936,347</b>	<b>7,728,819</b>
Revenue received in advance	2,329,235	1,559,722
	<b>13,265,582</b>	<b>9,288,541</b>

#### Recognition and measurement

Trade and other payables are non-interest bearing and are stated at amortised cost.

### B8 PROVISIONS

ECONOMIC ENTITY		
	2019	2018
	\$	\$
<b>Current</b>		
Deferred revenue	31,734	31,734
<b>Non-current</b>		
Deferred revenue	63,471	95,207

#### Recognition and measurement

Provisions are recognised when there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.



## C PEOPLE

## C1 EMPLOYEE BENEFITS

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Current</b>		
Employee benefits	5,349,150	5,467,345
<b>Non-current</b>		
Employee benefits	929,959	912,397

**Recognition and measurement**

Employee benefits are measured as the present value of estimated future cash outflows based on the market yields of high quality corporate bonds, estimates of future salary and wage levels and employee periods of service.

Liabilities for employee benefits for wages, salaries, annual leave, long service leave or other leave entitlements that are due to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates expected to be paid as at reporting date.

The net obligation in respect of long-term service benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages, representing a change in calculating the estimate of employee benefits.

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

The contributions to employee superannuation funds are charged as expenses when incurred.

**C2 RELATED PARTY TRANSACTIONS - DIRECTOR AND KEY MANAGEMENT PERSONNEL (KMP)**

Transactions and obligations between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and obligations with related parties during the year ended 30 June 2019 are as follows:

**(a) KMP and director transactions and obligations**

No KMP (including Directors, Executives and Cabinet Ministers), or their Close Family Members (CFM) or entities that are controlled or jointly controlled by KMP or CFM engaged in related party transactions in 2019.

**(b) Key Management Personnel compensation**

The aggregate compensation to key management personnel of the company is set out below:

	DIRECTOR REMUNERATION		SENIOR EXECUTIVE REMUNERATION		CONSOLIDATED	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Short term employee benefits	265,938	283,894	1,321,099	1,551,686	1,587,037	1,835,580
Post employment benefits	25,264	26,970	124,528	134,982	149,792	161,952
Termination benefits	-	-	457,954	-	457,954	-
Other long-term benefits	-	-	(104,739)	50,998	(104,739)	50,998
<b>Total</b>	<b>291,202</b>	<b>310,864</b>	<b>1,798,842</b>	<b>1,737,666</b>	<b>2,090,044</b>	<b>2,048,530</b>

For Director remuneration, short term employment benefits includes Director fees, Committee fees and other benefits. Post employment benefits represents superannuation contributions.

For Senior Executive remuneration, short term employment benefits includes base salary, short term incentive payments, vehicles, other benefits and other non-monetary benefits. Post employment benefits represents superannuation contributions. Other long-term benefits includes current and non-current annual and long service leave provision movements. Termination benefits include all forms of benefit paid as a consequence of termination.

The company has complied with the *Guidelines for Tasmanian Government Business - Director and Executive Remuneration* with one exception. The previous Chief Executive Officer's (Mr R Weedon) base salary, pursuant to the Chief Executive Officer's historical employment contract, exceeded the approved band determined by the Government Business Executive Remuneration Advisory Panel. Cabinet approved the Chief Executive Officer base salary on condition it was frozen until such time as it was within the approved band.

# TASPORTS ANNUAL REPORT 2018-19

## C2 RELATED PARTY TRANSACTIONS - DIRECTOR AND KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

### (c) Remuneration for the Board of Directors

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year.

#### 2019 DIRECTOR REMUNERATION<sup>1</sup>

NAME	PERIOD	DIRECTOR FEES	COMMITTEE FEES	SUPERANNUATION <sup>2</sup>	TOTAL
		\$	\$	\$	\$
<b>Non Executive Directors</b>					
S Bradford - Chairperson	Full Term	83,045	11,132	8,947	103,124
T Matthews	Full Term	41,523	7,543	4,661	53,727
D Tomat	Full Term	41,523	10,176	4,911	56,610
S Darke	Full Term	41,523	5,566	4,474	51,563
A Clark	from 1 December 2018	21,081	2,826	2,271	26,178
<b>Total</b>		<b>228,695</b>	<b>37,243</b>	<b>25,264</b>	<b>291,202</b>

<sup>1</sup> Amounts are all forms of consideration paid, payable or provided by the company.

<sup>2</sup> Superannuation means the contribution to the superannuation fund of the Director.

#### 2018 DIRECTOR REMUNERATION<sup>1</sup>

NAME	PERIOD	DIRECTOR FEES	COMMITTEE FEES	SUPERANNUATION <sup>2</sup>	TOTAL
		\$	\$	\$	\$
<b>Non Executive Directors</b>					
S Bradford - Chairperson	Full Term	82,293	11,031	8,866	102,190
T Matthews	Full Term	41,147	7,475	4,619	53,241
D Tomat	Full Term	41,147	7,475	4,619	53,241
S Darke	Full Term	41,147	5,516	4,433	51,096
L Gregg	to 30 June 2018	41,147	5,516	4,433	51,096
<b>Total</b>		<b>246,881</b>	<b>37,013</b>	<b>26,970</b>	<b>310,864</b>

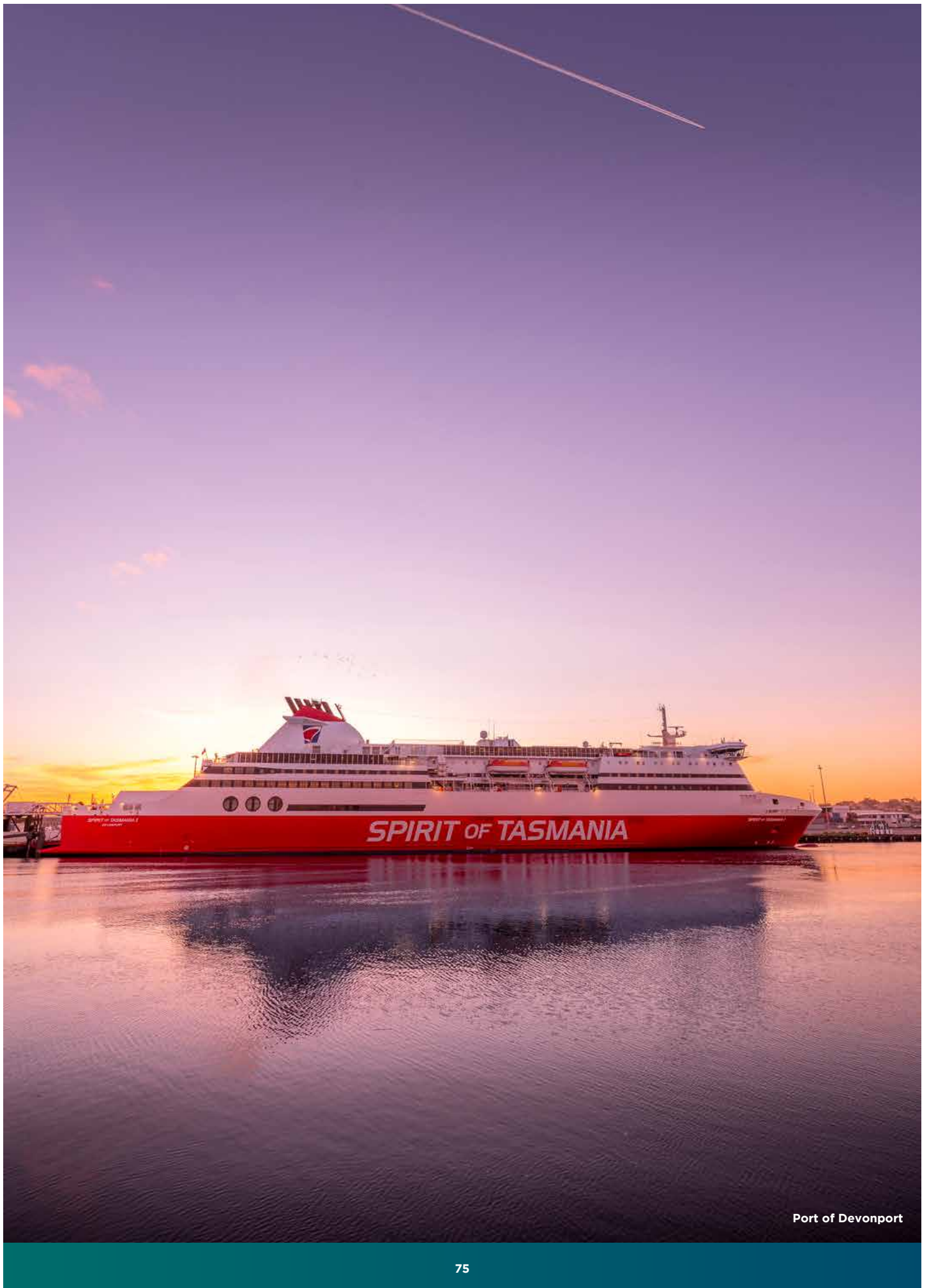
<sup>1</sup> Amounts are all forms of consideration paid, payable or provided by the company.

<sup>2</sup> Superannuation means the contribution to the superannuation fund of the Director.

#### Non-Executive Directors

Non-executive Directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant *Guidelines for Tasmanian Government Businesses - Board Appointments*. The level of fees paid to non-executive Directors is administered by the Department of Premier and Cabinet, as are additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business, which do not require disclosure per the *Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration*. Non-executive Directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.



Port of Devonport

# TASPORTS ANNUAL REPORT 2018-19

## C2 RELATED PARTY TRANSACTIONS - DIRECTOR AND KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

### (d) Senior Executive Remuneration

The following tables disclose the remuneration details for each person that acted as a member of the Senior Executive during the current and previous financial year:

#### 2019 SENIOR EXECUTIVE

NAME	POSITION	PERIOD	BASE SALARY <sup>1</sup> \$	SHORT TERM INCENTIVE PAYMENTS <sup>2</sup> \$
R Weedon	Chief Executive Officer	to 14 September 2018	96,640	-
A Donald	Chief Executive Officer	* refer below	302,284	26,010
S Casey	Chief Operating Officer (Acting)	from 10 September 2018	228,050	-
G Duggan	Chief Financial Officer	Full Year	254,802	-
M Johnston	Executive General Manager Marine Services & Shipping	Full Year	216,157	-
P Hoggett	Executive General Manager, Commercial and Trade	from 28 February 2019	69,385	-
S Clark	Executive General Manager Customer & Commercial	to 2 July 2018	-	-
<b>Total</b>			<b>1,167,317</b>	<b>26,010</b>

\* A Donald was Chief Operating Officer from 1 July 2018 to 14 September 2018, Acting Chief Executive Officer from 15 September 2018 to 19 June 2019 and commenced as Chief Executive Officer on 20 June 2019.

#### 2018 SENIOR EXECUTIVE

NAME	POSITION	PERIOD	BASE SALARY <sup>1</sup> \$	SHORT TERM INCENTIVE PAYMENTS <sup>2</sup> \$
R Weedon	Chief Executive Officer	Full Year	418,774	54,441
A Donald	Chief Operating Officer	Full Year	260,002	33,150
G Duggan	Chief Financial Officer	Full Year	249,806	31,850
M Johnston	Executive General Manager Marine Services & Shipping	Full Year	209,605	27,300
S Clark	Executive General Manager Customer & Commercial	From 1 November 2017	130,654	-
<b>Total</b>			<b>1,268,841</b>	<b>146,741</b>

On 14 September 2018 Mr R Weedon retired as Chief Executive Officer of TasPorts. As a result of the cessation of his employment, TasPorts paid Mr R Weedon \$372,254 representing the balance of his accrued annual and long service leave (\$134,699), six months salary in lieu of notice plus superannuation (\$206,352) and a post employment relocation expense (\$31,203 - relocation expense and fringe benefits tax).

On 2 July 2018 Mr S Clark resigned from his employment as Executive General Manager Customer & Commercial. As a result of the cessation of his employment, TasPorts paid Mr Clark \$85,700 representing three months salary in lieu of notice plus superannuation (\$65,700) and an ex-gratia payment (\$20,000).

Following Mr R Weedon's retirement as Chief Executive Officer, the Board appointed Mr A Donald as Acting Chief Executive Officer, effective 15 September 2018. The appointment was made on an interim basis pending the commencement and completion of a formal recruitment process for a Chief Executive Officer. Mr A Donald was officially appointed as the Chief Executive Officer on 20 June 2019.

Ms A Somann-Crawford, Ms K Derbyshire and Ms S Grace were appointed as Senior Executives on 28 June 2019. They received no remuneration as Senior Executive members for the financial year ended 30 June 2019.

Mr S Casey who was acting Chief Operating Officer as at 30 June 2019 was appointed permanently into the role on 1 July 2019.



# TASPORTS ANNUAL REPORT 2018-19

<b>SUPERANNUATION <sup>3</sup></b>	<b>VEHICLE <sup>4</sup></b>	<b>OTHER MONETARY BENEFITS <sup>5</sup></b>	<b>TOTAL REMUNERATION</b>	<b>TERMINATION BENEFITS <sup>6</sup></b>	<b>OTHER LONG-TERM BENEFITS <sup>7</sup></b>	<b>TOTAL</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
9,180	1,693	188	107,702	372,254	(137,522)	342,434
33,563	27,896	5,155	394,908	-	31,906	426,814
24,953	19,615	2,421	275,040	-	(4,817)	270,223
26,581	27,809	1,590	310,782	-	772	311,554
22,910	30,045	1,701	270,813	-	2	270,815
7,341	8,727	819	86,272	-	5,608	91,880
-	111	-	111	85,700	(688)	85,123
<b>124,528</b>	<b>115,896</b>	<b>11,875</b>	<b>1,445,627</b>	<b>457,954</b>	<b>(104,739)</b>	<b>1,798,842</b>

<b>SUPERANNUATION <sup>3</sup></b>	<b>VEHICLE <sup>4</sup></b>	<b>OTHER MONETARY BENEFITS <sup>5</sup></b>	<b>TOTAL REMUNERATION</b>	<b>TERMINATION BENEFITS <sup>6</sup></b>	<b>OTHER LONG-TERM BENEFITS <sup>7</sup></b>	<b>TOTAL</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
44,955	19,813	2,975	540,958	-	31,735	572,693
27,849	27,811	5,057	353,869	-	(3,223)	350,646
26,757	28,169	3,594	340,176	-	17,818	357,994
22,506	29,597	3,899	292,907	-	3,980	296,887
12,915	14,938	251	158,758	-	688	159,446
<b>134,982</b>	<b>120,328</b>	<b>15,776</b>	<b>1,686,668</b>	<b>-</b>	<b>50,998</b>	<b>1,737,666</b>

## Senior Executive remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the company.

<sup>1</sup> Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

<sup>2</sup> Short term incentive payments are non-recurrent payments, which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary as per the *Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration*.

<sup>3</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>4</sup> The personal use component of the total cost of providing and maintaining a vehicle for an executive's use, including registration, insurance, fuel and other consumables, maintenance cost and parking (i.e. the notional value of parking provided at premises that are owned or leased) and the reportable fringe benefits amount referable to a vehicle.

<sup>5</sup> Other monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), salary continuance and death and disability insurance premiums, payment in lieu of leave, and any other compensation paid and payable to the Executive, either directly or indirectly.

<sup>6</sup> Termination benefits include all forms of benefit paid as a consequence of termination.

<sup>7</sup> Other long-term benefits includes current and non-current annual and long service leave provision movements.

## C2 RELATED PARTY TRANSACTIONS - DIRECTOR AND KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

### Senior Executive Remuneration

Remuneration levels are set in accordance with the *Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration*. Under these Guidelines, remuneration bands for Chief Executive Officers are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines, and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other Senior Executives is set with reference to the Chief Executive Officers salary.

The Chief Executive Officer is appointed by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the Chief Executive Officer's remuneration package.

The employment terms and conditions of Senior Executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, the company also provides non-monetary benefits.

The performance of each Senior Executive and the Chief Executive Officer is reviewed annually, which includes a review of their remuneration package. The terms of employment of each Senior Executive and the Chief Executive Officer contain a termination clause that requires the Senior Executive or the Board to provide a minimum notice period of up to 3 months prior to termination of the contract. Where contracts are for a fixed term, whilst not automatic the contract can be extended.

No senior executive appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

### Short term incentive payments

The Board set and approve fixed performance targets for the Chief Executive Officer with goals and indicators aligned to the creation of value. The Chief Executive Officer approves incentive payments to remaining Senior Executives.

Short term incentive payments paid to Senior Executives in the 2019 financial year were in relation to performance during the 2018 financial year. Goals and indicators covered whole of company financial and safety results together with divisional objectives. Mr A Donald was awarded an incentive payment of \$26,010. The payment was provided following the completion of the 15 year port precinct planning project, together with achievements in newly acquired functions including, Safety, Security and Environment and the Bass Island Line Shipping Service. Further, Mr. Donald achieved significant commercial outcomes for TasPorts via the leadership of effective margin management for key revenue streams.

# TASPORTS ANNUAL REPORT 2018-19

## D FINANCING, CAPITAL STRUCTURE AND RELATED PARTY TRANSACTIONS

### D1 BORROWINGS

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Current</b>		
<b>INTEREST BEARING LIABILITIES</b>	<b>5,124,418</b>	<b>7,500,000</b>
<b>Non-current</b>		
<b>INTEREST BEARING LIABILITIES</b>	<b>14,709,245</b>	<b>19,833,663</b>
<b>TOTAL BORROWINGS</b>	<b>19,833,663</b>	<b>27,333,663</b>

The Economic Entity has an external loan facility of \$45 million with a maximum borrowing term of 15 years (2018: \$34.5 million) with TasCorp. As at 30 June 2019, \$25.2 million of the facility was unused (2018: \$7.2 million).

#### Recognition and measurement

All loans are measured at the principal amount. Interest is charged as an expense as it accrues over the life of the related financial instrument and taken to the Statement of Profit or Loss and Other Comprehensive Income as part of finance costs.

### D2 ISSUED CAPITAL AND RESERVES

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Issued capital</b>		
Equity	112,342,385	112,342,385
Equity contribution post formation	23,085,000	23,085,000
Issued capital	2	2
	<b>135,427,387</b>	<b>135,427,387</b>
<b>Reserves</b>		
Infrastructure asset revaluation reserve		
Opening balance	130,684,719	130,577,968
Revaluation of infrastructure assets	-	308,379
Disposal of revalued assets transferred from reserves to retained earnings/(accumulated losses)	-	(201,628)
<b>CLOSING BALANCE</b>	<b>130,684,719</b>	<b>130,684,719</b>
Value of infrastructure asset revaluation reserve by asset classification:		
Land	17,456,319	17,456,319
Buildings	20,025,657	20,025,657
Land infrastructure	9,775,006	9,775,006
Harbour improvements	23,983,057	23,983,057
Wharves	59,444,680	59,444,680
	<b>130,684,719</b>	<b>130,684,719</b>

#### Recognition and measurement

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of the Economic Entity's infrastructure assets.

Where infrastructure assets are disposed of and have been previously valued upwards, the revalued amount is transferred to retained earnings/(accumulated losses).

Where infrastructure assets have been previously valued upwards and are impaired, the amount in reserves is to be offset against the impairment prior to impairment through the Statement of Profit or Loss and Other Comprehensive Income.

### D3 ULTIMATE OWNER

The ultimate owner of the Economic Entity is The Crown in Tasmania.

# TASPORTS ANNUAL REPORT 2018-19

## D4 CONTROLLED ENTITIES

### (a) Subsidiaries

Tasmanian Ports Corporation Pty Ltd:

(100% owned by the Tasmanian Government)

WHOLLY CONTROLLED ENTITIES CONSOLIDATED	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2019	2018
Subsidiaries of Tasmanian Ports Corporation Pty Ltd:			
King Island Ports Corporation Pty Ltd	Australia	100	100
Flinders Island Ports Company Pty Ltd	Australia	100	100
Bass Island Line Pty Ltd	Australia	100	100

King Island Ports Corporation Pty Ltd retains ownership of infrastructure and operational assets. These assets are leased to TasPorts.

Flinders Island Ports Company Pty Ltd is an entity, which did not trade during the year.

Bass Island Line Pty Ltd was established in February 2017 to provide shipping services to King Island.

### (b) Joint Ventures

JOINTLY CONTROLLED ENTITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2019	2018
Joint Ventures of Tasmanian Ports Corporation Pty Ltd:			
Southern Export Terminals Pty Ltd	Australia	50	50

Southern Export Terminals Pty Ltd is a joint venture in which TasPorts has 50% interest. Qube Ports Pty Ltd has the remaining 50% interest. The Joint Venture operates a forestry logistics business within the Macquarie Point wharf precinct in Hobart.

## D5 RELATED PARTY TRANSACTIONS - SUBSIDIARIES AND JOINT VENTURE

Transactions and obligations between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and obligations with related parties during the year ended 30 June 2019 are as follows:

### (a) Subsidiaries

The business conducted by King Island Ports Corporation Pty Ltd (KIPC) was transferred into Tasmanian Ports Corporation Pty Ltd (TasPorts) effective from 1 July 2011. The ownership of property, plant and equipment purchased by KIPC prior to 30 June 2011 remains within KIPC. TasPorts leases these assets from KIPC at an amount equal to the depreciation on these assets. For 2019 the amount of rent paid was \$253,504 (2018: \$263,049).

Bass Island Line Pty Ltd (Bass Island Line) is a fully owned subsidiary of TasPorts established in February 2017 to provide shipping services to King Island. TasPorts charges Bass Island Line for the following services at commercial rates:

	2019	2018
	\$	\$
Tonnage fees	111,000	126,863
Wharfage fees	482,596	702,561
Mooring fees	132,661	113,218
Stevedoring fees	761,013	334,236
Infrastructure levy	-	50,500
Administration services	17,565	50,202
Equipment hire	25,235	75,144
<b>TOTAL</b>	<b>1,530,070</b>	<b>1,452,724</b>

### (b) Joint Venture

Southern Export Terminals Pty Ltd (SET) was established in December 2016 as a Joint Venture between TasPorts (50%) and Qube Ports Pty Ltd (50%). SET operates a forest logistics business from the Hobart wharf precinct. TasPorts charges SET for the following services at commercial rates:

	2019	2018
	\$	\$
Casual storage fees	72,700	17,604
Facility fees	621,225	157,233
Wharfage fees	529,427	93,266
Rental income	15,150	15,000
Administration and expense recoveries	204,303	207,822
<b>TOTAL</b>	<b>1,442,805</b>	<b>490,925</b>



# TASPORTS ANNUAL REPORT 2018-19

## D6 PARENT ENTITY INFORMATION - TASMANIAN PORTS CORPORATION PTY LTD

### FINANCIAL POSITION

	2019	2018
	\$	\$
Current assets	32,645,547	36,500,482
Non-current assets	277,693,957	273,349,951
<b>TOTAL ASSETS</b>	<b>310,339,504</b>	<b>309,850,433</b>
Current liabilities	29,583,343	27,260,023
Non-current liabilities	39,117,501	47,265,677
<b>TOTAL LIABILITIES</b>	<b>68,700,844</b>	<b>74,525,700</b>
<b>NET ASSETS</b>	<b>241,638,660</b>	<b>235,324,733</b>
Issued capital	135,427,387	135,427,387
Asset revaluation reserve	127,153,958	127,153,958
Retained earnings/(accumulated losses)	(20,942,685)	(27,256,612)
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>241,638,660</b>	<b>235,324,733</b>

### FINANCIAL PERFORMANCE

Total revenue	123,245,773	116,218,056
Operating expenses	(102,477,373)	(102,330,309)
Trading profit/(loss) before tax	20,768,400	13,887,747
Income tax expense	(6,526,852)	(4,924,579)
Trading profit/(loss) after tax	14,241,548	8,963,168
Less impairment of controlled entities	(2,168,816)	(4,907,553)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>12,072,732</b>	<b>4,055,615</b>
<b>Other comprehensive income</b>		
<b>Items that will not be classified to profit or loss</b>		
Income tax (expense)/benefit on revaluation	-	308,379
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>-</b>	<b>308,379</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>12,072,732</b>	<b>4,363,994</b>

#### Income tax expense

The income tax expense in 2018 of \$4,924,579 includes \$467,068 as a result of the economic entity forming a tax consolidated group during the financial year. Adjusting for the tax consolidation impact, the trading profit after income tax was \$9,430,236.

## TASPORTS ANNUAL REPORT 2018-19

### D7 SUBSIDIARY INFORMATION - BASS ISLAND LINE PTY LTD

The accounting policies of the Subsidiary, which have been applied in determining the financial information shown below, are the same as those applied in the Economic Entity. Bass Island Line Pty Ltd was incorporated on 16 February 2017.

#### Financial Support

TasPorts as the Parent Entity has undertaken to provide financial support to the Subsidiary.

FINANCIAL POSITION		
	2019	2018
	\$	\$
Current assets	5,001,994	3,322,951
Non-current assets	11,446,318	11,941,059
<b>TOTAL ASSETS</b>	<b>16,448,312</b>	<b>15,264,010</b>
Current liabilities	12,124,068	8,831,299
Non-current liabilities	60,254	51,192
<b>TOTAL LIABILITIES</b>	<b>12,184,322</b>	<b>8,882,491</b>
<b>NET ASSETS</b>	<b>4,263,990</b>	<b>6,381,519</b>
Issued capital	11,116,807	11,116,807
Retained earnings/(accumulated losses)	(6,852,817)	(4,735,288)
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>4,263,990</b>	<b>6,381,519</b>

FINANCIAL PERFORMANCE		
Total revenue	7,591,912	8,200,300
Total expenses	(10,615,665)	(13,260,732)
Profit/(loss) before tax	(3,023,753)	(5,060,432)
Tax (expense)/benefit	906,225	2,029,409
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(2,117,528)</b>	<b>(3,031,023)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b>(2,117,528)</b>	<b>(3,031,023)</b>

### D8 INTEREST IN EQUITY ACCOUNTED INVESTEEES - SOUTHERN EXPORT TERMINALS PTY LTD

Southern Export Terminals Pty Ltd (SET) is a Joint Venture in which TasPorts has joint control.

The accounting policies of the Joint Venture, which have been applied in determining the financial information shown below, are the same as those applied in the Economic Entity. The Joint Venture was incorporated on 9 December 2016.

#### Financial Support

TasPorts as one of the controlling entities has undertaken to provide financial support to the Joint Venture.

	2019	2018
	\$	\$
Percentage ownership interest	50%	50%
Current assets	1,028,835	582,573
Current liabilities	1,075,937	927,103
<b>NET ASSETS/(LIABILITIES)</b>	<b>(47,102)</b>	<b>(344,529)</b>
<b>TASPORTS' SHARE OF NET ASSETS/(LIABILITIES) (50%)</b>	<b>(23,551)</b>	<b>(172,265)</b>
Revenue	5,307,161	1,350,404
Expenses	(5,409,735)	(1,585,087)
Net profit/(loss) before tax	(102,574)	(234,684)
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(102,574)</b>	<b>(234,684)</b>
<b>TASPORTS' SHARE OF TOTAL COMPREHENSIVE PROFIT/(LOSS) (50%)</b>	<b>(51,287)</b>	<b>(117,342)</b>

# TASPORTS ANNUAL REPORT 2018-19

## D9 FINANCIAL INSTRUMENTS

### (a) Liquidity risk management

The risk that the Economic Entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed through the maintenance of rolling 12 month cash flow budgets and maintaining minimum cash reserves at a level sufficient to satisfy short term financial liabilities and commitments.

ECONOMIC ENTITY:	MATURING WITHIN 1 YEAR	MATURING 1 TO 5 YEARS	MATURING GREATER THAN 5 YEARS	TOTAL
2019	\$	\$	\$	\$
<b>Financial liabilities:</b>				
Borrowings	5,124,418	14,709,245	-	19,833,663
Payables	10,752,207	-	-	10,752,207
	<b>15,876,625</b>	<b>14,709,245</b>	<b>-</b>	<b>30,585,870</b>
2018	\$	\$	\$	\$
<b>Financial liabilities:</b>				
Borrowings	7,500,000	19,833,663	-	27,333,663
Payables	7,219,670	-	-	7,219,670
	<b>14,719,670</b>	<b>19,833,663</b>	<b>-</b>	<b>34,553,333</b>

### (b) Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk is exposure to interest rate risk.

The major exposure for the Economic Entity is its borrowings, all of which are all borrowed at fixed rates. This mitigates the Economic Entity's exposure to price risk. Variable interest rate investments expose the Economic Entity to fluctuations in return and cash flow.

The net fair value of long-term borrowings is determined by valuing them at their carrying amount, as the carrying amount approximate their fair values.

The net fair value of cash, investments, trade receivables and trade and other payables are determined by valuing them at their carrying amounts. Due to their short-term maturity, their carrying amounts approximate their fair values.

The market interest rates used to discount estimated cash flows for borrowings are based on the Tasmanian Public Finance Corporation yield curve at the reporting date.

Changes in variable and fixed interest rates of one per cent (100 basis points) would have the following effect on the Economic Entity's profit or loss and equity at reporting date if the financial instruments were to be re-financed.



## D9 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Market risk management (continued)

#### SENSITIVITY ANALYSIS

#### ECONOMIC ENTITY:

	CARRYING AMOUNT	FAIR VALUE
	2019	2019
	\$	\$
<b>Financial assets:</b>		
Cash and cash equivalents	18,351,291	18,351,291
Trade receivables	12,785,528	12,785,528
Net Investment in Joint Venture	176,448	176,448
	<b>31,313,267</b>	<b>31,313,267</b>
<b>Financial liabilities:</b>		
Borrowings	19,833,663	21,333,121
Trade payables	10,752,207	10,752,207
	<b>30,585,870</b>	<b>32,085,328</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets:</b>		
Cash and cash equivalents	22,990,257	22,990,257
Trade receivables	11,910,801	11,910,801
Investment in Joint Venture	27,734	27,734
	<b>34,928,792</b>	<b>34,928,792</b>
<b>Financial liabilities:</b>		
Borrowings	27,333,663	28,948,885
Trade payables	7,219,670	7,219,670
	<b>34,553,333</b>	<b>36,168,555</b>



INTEREST RATE RISK			
-1%		+1%	
IMPACT ON PROFIT	IMPACT ON EQUITY	IMPACT ON PROFIT	IMPACT ON EQUITY
2019	2019	2019	2019
\$	\$	\$	\$
(183,513)	(183,513)	183,513	183,513
-	-	-	-
-	-	-	-
<b>(183,513)</b>	<b>(183,513)</b>	<b>183,513</b>	<b>183,513</b>
(657,191)	(657,191)	634,670	634,670
-	-	-	-
<b>(657,191)</b>	<b>(657,191)</b>	<b>634,670</b>	<b>634,670</b>
<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
(229,903)	(229,903)	229,903	229,903
-	-	-	-
-	-	-	-
<b>(229,903)</b>	<b>(229,903)</b>	<b>229,903</b>	<b>229,903</b>
(657,191)	(657,191)	634,670	634,670
-	-	-	-
<b>(657,191)</b>	<b>(657,191)</b>	<b>634,670</b>	<b>634,670</b>



# TASPORTS ANNUAL REPORT 2018-19

## (c) Foreign currency risk management

The Economic entity did not hold a balance in any foreign currency bank accounts or have any amounts payable or receivable in foreign currencies at 30 June 2019.

## (d) Credit risk management

The Economic Entity does not have any significant credit risk exposure to any single counterparty. The Economic Entity does not expect any counterparty to fail to meet its obligations. There is no collateral regarding financial assets, in respect of existing arrangements.

The carrying amount of the financial assets recorded in the financial statements, net of any provisions for impairment, represents the maximum exposure to credit risk.

Investments are held either with an Australian bank or Tascorp.

The following tables analyse financial assets that are past due but not impaired:

ECONOMIC ENTITY					
	PAST DUE 15 TO 44 DAYS	PAST DUE 45 TO 60 DAYS	PAST DUE 61 TO 90 DAYS	PAST DUE 91 DAYS AND OVER	TOTAL
<b>2019</b>	\$	\$	\$	\$	\$
Trade receivables	2,968,141	871,692	526,059	253,256	4,619,147
<b>2018</b>	\$	\$	\$	\$	\$
Trade receivables	3,578,243	854,910	143,493	250,129	4,826,775

## (e) Categories of financial instruments

ECONOMIC ENTITY					
		2019		2018	
	FAIR VALUE HIERARCHY LEVEL	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	2	18,351,291	18,351,291	22,990,257	22,990,257
Trade receivables	2	12,785,528	12,785,528	11,910,801	11,910,801
		<b>31,136,819</b>	<b>31,136,819</b>	<b>34,901,058</b>	<b>34,901,058</b>
<b>Financial Liabilities</b>					
Borrowings - Tascorp	2	19,833,663	21,333,121	27,333,663	28,948,885
Trade payables	2	10,752,207	10,752,207	7,219,670	7,219,670
		<b>30,585,870</b>	<b>32,085,328</b>	<b>34,553,333</b>	<b>36,168,555</b>

Borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of Tascorp borrowings (level 2) is provided by TasCorp.

The carrying amount of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

## (f) Capital risk management

The Economic Entity's objective is to have an appropriate capital structure that ensures financial flexibility and fiscal discipline and therefore ongoing viability to continue to provide returns for shareholders.

The Economic Entity monitors key financial ratios to ensure an appropriate capital structure is maintained.

The debt to equity ratios are as follows:

ECONOMIC ENTITY			
		2019	2018
		\$	\$
Debt	(i)	19,833,663	27,333,663
Equity	(ii)	249,992,994	243,705,043
<b>TOTAL DEBT TO EQUITY RATIO</b>		<b>7.9%</b>	<b>11.2%</b>

(i) Debt is defined as long and short term borrowings

(ii) Equity includes all capital and reserves

# TASPORTS ANNUAL REPORT 2018-19

## E ADDITIONAL INFORMATION

### E1 CAPITAL AND LEASING COMMITMENTS

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>(a) Operating lease commitments-lessee</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
Less than one year		
Office accommodation	594,601	493,744
Land	75,509	52,765
Other	89,174	69,395
<b>TOTAL</b>	<b>759,284</b>	<b>615,904</b>
Between one and five years		
Office accommodation	2,378,404	2,286,718
Land	162,815	178,833
Other	356,695	247,428
<b>TOTAL</b>	<b>2,897,914</b>	<b>2,712,979</b>
More than five years		
Office accommodation	1,069,747	1,863,734
Land	333,005	406,866
Other	355,108	204,976
<b>TOTAL</b>	<b>1,757,859</b>	<b>2,475,576</b>
<b>TOTAL OPERATING LEASE COMMITMENTS-LESSEE</b>	<b>5,415,057</b>	<b>5,804,459</b>

### (b) Operating lease commitments-lessor

Non-cancellable operating leases for infrastructure, land, wharves, buildings and equipment contracted for, but not capitalised in the financial statements.

Receivable — minimum lease receipts		
Less than one year	8,203,926	7,619,630
Between one and five years	28,798,263	26,568,209
More than five years	73,227,921	65,363,663
<b>TOTAL</b>	<b>110,230,110</b>	<b>99,551,502</b>

### (c) Capital expenditure commitments

Capital expenditure commitments contracted for:

Capital expenditure projects	1,578,767	290,610
<b>TOTAL</b>	<b>1,578,767</b>	<b>290,610</b>
Payable		
Within one year	1,578,767	290,610
<b>TOTAL</b>	<b>1,578,767</b>	<b>290,610</b>

The 2019 capital expenditure commitments relate to infrastructure upgrades. The 2018 capital expenditure commitments were carried out in 2019.

### E2 AUDITORS' REMUNERATION

	ECONOMIC ENTITY	
	2019	2018
	\$	\$
<b>Auditors' remuneration</b>		
Auditing of the financial statements	107,730	106,510
Internal audit	35,700	35,000
<b>TOTAL</b>	<b>143,430</b>	<b>141,510</b>

# TASPORTS ANNUAL REPORT 2018-19

## E3 CONTINGENT LIABILITIES

No contingent liabilities are noted.

## E4 SUBSEQUENT EVENTS

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

## E5 OTHER ACCOUNTING POLICIES

### New and amended Australian Accounting Standards

The Economic Entity has initially applied AASB 15 Revenue from Contracts with Customers (refer note E5 A) and AASB 9 Financial Instruments (refer note E5 B) from 1 July 2018.

Due to the transition methods chosen by the Economic Entity in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables in the Statement of Profit or Loss and Other Comprehensive Income (refer note E5 B).

The effect of initially applying these standards is mainly attributed to the following:

- recognition of revenue in advance from logistics services (refer note E5 A); and
- an increase in impairment losses recognised on financial assets (refer note E5 B).

### A. AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 18 Revenue, AASB 11 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control or provision of services - at a point in time or over time - requires judgement.

The Economic Entity has adopted AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 July 2018). Accordingly, the information presented for 2018 has not been restated. It is presented, as previously reported, under AASB 18, AASB 11 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not been applied to comparative information.

The following table summarises the impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018.

	NOTE	IMPACT OF ADOPTING AASB 15 AT 1 JULY 2018
Retained earnings		
Logistics services revenue	(i)	\$544,546
<b>IMPACT AT 1 JULY 2018</b>		<b>\$544,546</b>

The following tables summarise the impacts of adopting AASB 15 on the Economic Entity's Statement of Financial Position as at 30 June 2019 and its Statement of Profit or Loss and Other Comprehensive Income for the year then ended for each of the line items affected. There was no impact on the Economic Entity's Statement of Cash Flows for the year ended 30 June 2019.

### IMPACT ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019	NOTE	AS REPORTED UNDER AASB15	ADJUSTMENTS	AMOUNTS WITHOUT ADOPTION OF AASB 15
Liabilities				
Revenue received in advance	(i)	\$2,329,235	(\$820,846)	\$1,508,389

### IMPACT ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

30 June 2019	NOTE	AS REPORTED UNDER AASB15	ADJUSTMENTS	AMOUNTS WITHOUT ADOPTION OF AASB 15
Revenue				
Logistics services	(i)	\$12,320,484	\$820,846	\$13,141,330

(i) Prior to the adoption of AASB 15, revenue from some logistics services was recognised in full in the month the customer was invoiced. As a result of the change in the standard the revenue will now be recognised when the performance obligations are met. At reporting period end the Economic Entity partially met its performance obligation for some components of logistics services. The above adjustments were made to the amounts recognised to retained earnings at 1 July 2018, the Statement of Financial Position and the Statement of Profit and Loss and Other Comprehensive Income for 30 June 2019.

# TASPORTS ANNUAL REPORT 2018-19

## B. AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. As a result of the adoption of AASB 9, the Economic Entity has adopted consequential amendments to AASB 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the Statement of Profit or Loss and Other Comprehensive Income. Previously, the Economic Entity's approach was to include the impairment of trade receivables in other expenses. Consequently, the Economic Entity reclassified impairment losses amounting to \$3,222, recognised under AASB 139, from 'other expenses' to 'impairment loss on trade receivables and contract assets' in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018. Any impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under AASB 139, and not presented separately in the Statement of Profit or Loss and Other Comprehensive Income due to materiality considerations.

### (i) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 39 Financial Instruments with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments.

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Economic Entity has determined that the application of AASB 9's impairment requirements at 1 July 2018 results in an additional allowance for impairment as follows.

	\$
<b>LOSS ALLOWANCE AT 30 JUNE 2018 UNDER AASB 39</b>	<b>3,222</b>
Additional impairment recognised at 1 July 2018 on:	
Trade and other receivables	17,772
<b>LOSS ALLOWANCE AT 1 JULY 2018 UNDER AASB 9*</b>	<b>20,994</b>
Less debtors written off during 2019	(3,222)
Provisions raised/(reversed) in 2019	(15,354)
<b>LOSS ALLOWANCE AT 30 JUNE 2019</b>	<b>2,418</b>

\*Although there has been a \$17,772 increase in loss allowance as at 30 June 2018 as a result of the change in accounting standard from AASB 139 to AASB 9 this is not material and has been adjusted in the 2019 loss allowance provision.

### (ii) Classification and measurement of financial assets and financial liabilities

The following table and the accompanying notes below explain the original measurement categories under AASB 39 and new measurement categories under AASB 9 for each class of the Economic Entity's financial assets and financial liabilities as at 1 July 2018. The effect of adopting AASB 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements.

FINANCIAL ASSETS			
	ORIGINAL CLASSIFICATION UNDER AASB 39	NEW CLASSIFICATION UNDER AASB 9	CHANGE IN CARRYING AMOUNT
<b>Financial Assets</b>			
Cash and cash equivalents	Loans and receivables	Amortised cost	No change
Trade receivables	Loans and receivables	Amortised cost	No change
<b>Financial Liabilities</b>			
Trade payables	Other financial liabilities	Other financial liabilities	No change
Borrowings	Other financial liabilities	Other financial liabilities	No change

# TASPORTS ANNUAL REPORT 2018-19

## E5 OTHER ACCOUNTING POLICIES (CONTINUED)

The Economic Entity has elected not to adopt the following new or amended Accounting Standards in advance of their operative date.

AASB AMENDMENT	AFFECTED STANDARD	NATURE OF CHANGE TO ACCOUNTING POLICY	ISSUE DATE	APPLIES TO ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER
AASB 16	Leases	<p>The new standard abolishes the concept of the operating lease for lessees and effectively treats all leases as finance leases. The result is that all leases will be recognised as liabilities on the balance sheet, rather than as commitments in the notes to the financial statements. The only exemption to this requirement is for short term leases of durations of 12 months or less, and for leases of low-value assets, such as office furniture or computers. The standard largely retains the existing accounting requirements for lessors whereby leases are classified as operating leases or finance leases.</p> <p>The changes will result in the obligation to make lease payments listed on the balance sheet as a liability (amortised on a discount basis) and asset representing the right to use the asset (amortised on a straight line basis). There are also exemptions to the standard i.e. low value or short-term leases.</p> <p>A full assessment of the impact of the standard has been conducted and the Economic Entity estimates the value of leases to be capitalised in the financial year commencing 1 July 2019 to be \$5.0 million.</p> <p>TasPorts will apply the standard using the modified retrospective approach and will adopt AASB 16 for the year ending 30 June 2020.</p>	1 January 2016	1 January 2019

## E6 COMPANY DETAILS

The registered office of the Company is:

90 - 110 Willis Street

Launceston

Tasmania 7250





# INDEPENDENT AUDITOR'S REPORT

*for the year ended 30 June 2019*



## Independent Auditor's Report

To the Members of Tasmanian Ports Corporation Pty Ltd

Report on the Audit of the Consolidated Financial Report

### Opinion

I have audited the financial report of the Tasmanian Ports Corporation Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of the Group is in accordance the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

...1 of 4

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I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Group on 9 August 2019 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<b>Property, plant and equipment</b> <i>Refer to note B4</i>	
<p>The Company's asset portfolio amounted to \$272.13m and accounted for over 80% of total assets.</p> <p>Infrastructure, land and buildings are measured at fair value which involves significant judgement and estimation.</p> <p>The calculation of depreciation, \$15.70m, requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions can significantly impact depreciation charged.</p> <p>Infrastructure assets were assessed for impairment which involves a complex model with a degree of subjectivity to ensure assets were not carried in excess of their fair value.</p> <p>Work-In-Progress for capital and infrastructure projects at 30 June 2019 amounted to \$13.45m. The classification of work-in-progress as an asset as opposed to expenditure involves subjectivity.</p>	<ul style="list-style-type: none"> <li>Evaluating the reasonableness of the valuation when compared to the prior year</li> <li>Challenging management's assessment of useful lives</li> <li>Performing detailed analytical review over the depreciation calculation for each class of asset</li> <li>Evaluating management's assessment of impairment</li> <li>Testing capital work-in-progress to ensure that active projects will result in usable assets and that assets commissioned are transferred out in a timely manner</li> <li>Undertaking procedures to ensure that maintenance and capital expenditure were appropriately accounted for and disclosed in the financial report.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

...2 of 4

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My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

...3 of 4

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ric De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

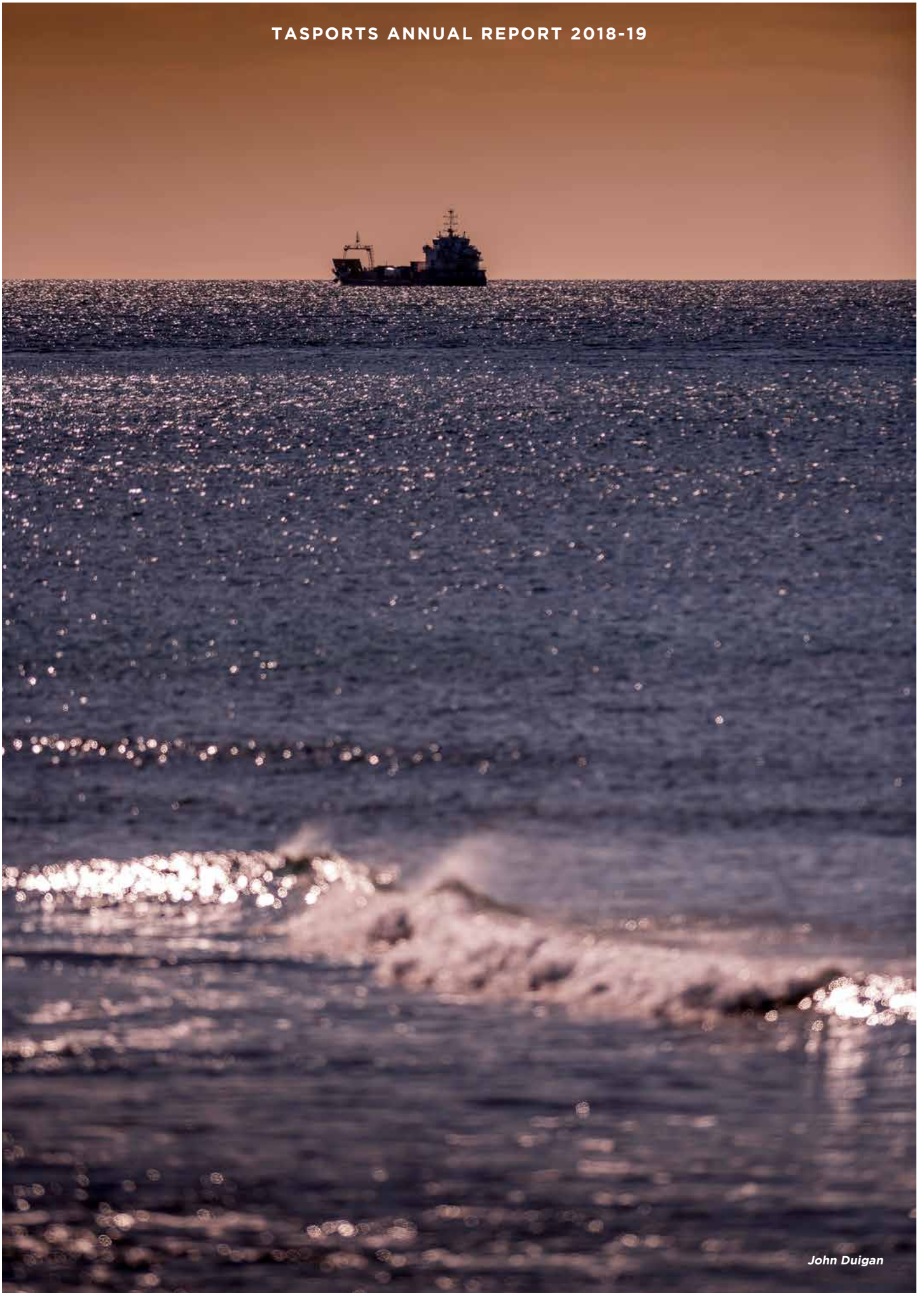
16 August 2019  
Hobart

...4 of 4

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*John Duigan*



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